90-731

No. _____

Supreme Court, U.S.
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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1990

HAINES AND COMPANY INC.,
HAINES CRISS + CROSS PUBLISHERS, INC.,
WILLIAM K. HAINES, SR., and
WILLIAM K. HAINES, JR.,

Petitioners,

v.

ILLINOIS BELL TELEPHONE COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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QUESTIONS PRESENTED

1. Whether the Copyright Act precludes the use of a copyrighted alphabetical telephone directory as one source for names, addresses and phone numbers for a noncompeting cross reference directory.

2. Whether the absence of substantial similarity in expression between a copyrighted alphabetical telephone directory and a noncompeting cross reference directory precludes a finding that the cross reference directory infringes the copyright in the alphabetical telephone directory.

LIST OF PARTIES AND RULE 29.1 STATEMENT

There are no parties to this proceeding not revealed in the caption of this case.

Neither of the petitioner corporations is owned by a parent corporation or has any subsidiaries that are not wholly owned.

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HAINES AND COMPANY INC.,
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WILLIAM K. HAINES, JR.,

Petitioners,

v.

ILLINOIS BELL TELEPHONE COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioners, Haines and Company, Inc., Haines Criss + Cross Publishers, Inc., William K. Haines, Sr., and William K. Haines, Jr., respectfully request this Court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above-entitled proceeding on June 25, 1990.

OPINIONS BELOW

The opinion of the Court of Appeals for the Seventh Circuit is reported at 905 F.2d 1081 (7th Cir. 1990) and is reprinted in Appendix pp. 1a-14a. The relevant opinion of the United States District Court for the Northern District of Illinois is reported at 683 F. Supp. 1204 (N.D. Ill. 1988) and is reprinted in Appendix pp. 15a-26a.

JURISDICTION

On June 25, 1990, the Seventh Circuit entered its order affirming the decision of the District Court. (App., p. 1a) Petitioners filed their Petition for Rehearing, with Suggestion for Rehearing in Banc, on July 9, 1990, both of which were denied on August 4, 1990. (App., pp. 27a-28a) This petition for a writ of certiorari is being filed within 90 days after the denial of petitioners' Petition for Rehearing by the Seventh Circuit.

This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

U.S. Const., art. I, § 8, cl. 8:

> The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

U.S. Const., amend. I:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

United States Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*

17 U.S.C. § 101:

A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes collective works.

17 U.S.C. § 102(a):

Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

17 U.S.C. § 102(b):

In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. § 103(b):

The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

STATEMENT OF THE CASE

This petition presents unsettled questions regarding the scope of protection provided compilations of facts under the copyright laws. This Court granted certiorari on October 1, 1990, in *Feist Publications, Inc,* v. *Rural Telephone Service Co.*, No. 89-1909, over the issue of whether the copyright in a telephone directory prohibits a competing directory publisher from using the copyrighted directory as a source for facts. The instant case presents the issues of whether a non-competing publisher can use a copyrighted telephone directory as a source for facts and whether substantial similarity in expression is required for a finding of infringement of a telephone directory.

I. FACTUAL BACKGROUND

Petitioners ("Haines") publish cross reference directories marketed under the trademark "Criss + Cross." (App., pp. 2a, 16a) Each Haines Criss + Cross directory consists of a street address directory ("Addressakey"), a telephone numerical directory ("Telokey"), and three tables of demographic information. (App., p. 16a-17a)

The Addressakey lists all street names and addresses in an area, together with a variety of corresponding information, including zip codes; community and unofficial neighborhood names; resident and business names; telephone numbers; number of years a resident or business has been located at an address; identification of the location as business, government entity, church, school, or multiple residential house or apartment; identification as a new address; and indications that more than one person or business is at an address or telephone number. (App., pp. 16a-17a) The Telokey lists all telephone numbers and area codes in an area, with corresponding names, street addresses, community names, indications of apartment or mobile home addresses, and indications of new or changed listings. (App., p. 17a) The

three demographic tables in each directory contain various information used for marketing analyses. (App., p. 17a)[1]

Reproduced below are sample segments of Haines' Criss + Cross Directory:

Addressakey

THE HAINES CRISS CROSS DIRECTORY

LILLIAN CT 60042
ISLAND LAKE

103	NISSEN C E	526-2343	9
105	SONNE ROBT A	526-6305	8
	SONNE ROBT A CHLD	526-9026	8
106	TUCKER WM	526-2492	3
107	GRANUM ERNEST H	526-5865	9
111	XXXX	00	
*	0 BUS 6 RES	0 NEW	

LILLIAN PL W 60002
ANTIOCH

22520	TURNER O W	395-1254	3
*	0 BUS 1 RES	0 NEW	

LILY W 60050 MC HENRY
LILYMOOR AREA

701	COFFMAN RANDALL	385-1112	0
702	NETTLES CHAS E	385-5005	7
704	XXXX	00	
*	0 BUS 3 RES	0 NEW	

LILY LN 60021
FOX RIVER GRV

503	HOVORKA CLARENCE C	639-5370	+4
505	RODERICK ROBT J	639-8055	+4
*	0 BUS 2 RES	2 NEW	

LIMERICK DR 60013 CONT

2810	WEIDNER MATHEW L	639-7143	6
2811	BINDI LOUIS G	639-0306	+4
2812	MEYER WM A	639-1975	+4
2813	LALOND ALLEN	639-4459	
2814	IVERSON BARBARA	639-5835	9
2815	LALOND ALEX A	639-2698	1
2816	MOORE TERRENCE	639-8128	3
2817	IGOE RUSSELL	639-1609	0
2818	XXXX	00	
2819	MCNAMARA PATK	639-8121	3
2820	XXXX	00	
2822	WILSON D	639-4169	
*	1 BUS 21 RES	3 NEW	

LINCOLN 60102
ALGONQUIN

308	XXXX	00	
309	CARDELLA P	658-9453	+4
	PAWLOWSKI STANLEY	658-7508	
310	XXXX	00	
315	MARRAH THOS W	658-6876	
	MARRAH THOS W	658-6876	7
321	TRIPLETT WM J JR	658-4191	0
326	GRESENS CHAS B	658-4387	8
327	MAY GLENN H	658-6106	8
333	HINKLE JAS M	658-4662	0
401	JUDD ROBT C	658-7102	5
403	BEU MARIAN J	658-7442	+4
407	JANSSEN CHAS R	658-2310	0
414	OAKES EVERETTE	658-8244	
420	BOHSE M	658-6607	7
426	ANDERSON NELS E	658-7128	2
427	PETTERSON H	658-4165	5
433	KASPER C	658-3621	2

[1] Cross reference directories are used primarily as street address directories; the Telokey and tables in the Haines Criss + Cross directory are supplemental features. (App., p. 2a) Two of the tables list zip codes and community names together with corresponding information, such as the number of business and residence addresses, median hosehold income, age distribution of residents, and distribution of housing units by value in the area. The third table, called the "Telephone Exchange & Characteristic Profile," lists telephone exchanges and their location, together with similar demographic information.

Telokey

THE HAINES CROSS DIRECTORY

3835	KINGDOM HLL JEHOVAH	225 DILGER AV WAUK
3838	STAMKOLAS SERBN CH	228 COUNTY H WAUKE
9848+	REHOBOTH CH	1001 INDIANA WAUKEGAN
9851	OGDEN J D JR	1115 RIDGELAND AV WAUKEG
	OGDEN J D JR	1115 RIDGELAND AV WAUKEG
9853+	GETHSEMANE CH GOD	631 MC ALISTER AV W
9860+	TOP O THE MORN	438 FRANKLIN WAUKEGAN
9876	BUTTERNUT BREAD DIV	2909 GRAND AV WAU
9880	WHITEHEAD BARBER SH	712 GENESEE S WAU
9887	MCDONALDS RESTRNT	3249 BELVIDERE RD W
9892+	REYES GROCERY STR	29 GENESEE S WAUKEG

(815)338-0010

0010	ROUSEY GLENN	220 DONOVAN AV E WOODST
0011	MAST DONALD C	523 CALHOUN E WOODSTOCK
0012	FABOS S M	342 VINE WOODSTOCK
0014	HEER M C	322 SEMINARY AV N WOODS
0017	WALSH JAS M	918 BLAKELY WOODSTOCK
0018	JARNECKE NORMAN L	1721 SEMINARY AV N W
0019	LEMBKE LARRY	476 JACKSON W WOODSTOCK
0020	HEUCHILLER B B MD	844 OAK WOODSTOCK
0021	GITLIN H JOS ATTY	111 DEAN WOODSTOCK
0022	CAPLAN MICHAEL S	1308 ISLAND CT WOODSTO
0023	WOODSTOCK NEWS AGCY	142 WASHINGTON
0024	TAYLOR GEO B	1217 BLAKELY WOODSTOCK
0025	WESKERNA EDW A	808 SOUTH E WOODSTOCK
0026	THOMAS MOBIL	315 MADISON N WOODSTOCK
0027	DEBOER ARTHUR MD	4101 DEAN STREET RD W
0028	CONNOR WM M	14610 DOGWOOD LN WOODST
0029	THORNE H K	709 DEAN WOODSTOCK
0030	GLUTH FRANK	2202 STEIG WOODSTOCK
0032+	FULLERTON ROBT G	1212 OAKVIEW TER WOOD
0035	NICHOLS LUCYLLE	111 TERRY CT WOODSTOCK
0181	STANGER EMMA MRS	313 TAPPAN WOODSTOC
0183	ANDREW RUSSELL F	13301 HICKORY LN WOOD
0184	SHAW RAYMOND C REV	1012 HICKORY RD W
0185	SCHNEIDERMAN LEROY	174 TERRY CT WOODS
0186	JOHNSON RAYMOND MRS	515 JUDD W WOODS
0187	FEDERAL LAND BANK	2032 SEMINARY AV N W
0188	WAYNES CTY LANES	109 CHURCH WOODSTOC
0189	MCBROOM F L	351 MADISON S WOODSTOC
0190+	DONAHUE JOHN J	10509 COUNTRY CLUB RD W
0191	PHILIPP JACOB	428 LAWNDALE AV WOODSTO
0192	LEE JIM H	12901 PLEASANT VLY RD WOC
	NORTHERN IL ALARM CO	12901 PLEASANT VLY
0194	VANDEVEER MICHAEL	8412 CONCORD DR WOO
0195	NELSON RUSSELL V	732 WHEELER WOODSTOC
0196	BAYTON ROBT E	1250 MITCHELL WOODSTOCK
0197	BOWE FRANKLIN G	1213 CLAY WOODSTOCK
0198	JOHNSON RONALD A	1427 SEMINARY AV N WO
0199	LUMPP EDW T	14518 PERKINS RD WOODSTOC
0201	KNEBUSCH WM L	611 KIMBALL AV W WOODST
0202+	SMITTYS BODY SHOP	225 CALHOUN E WOODS
0203	CANNIZZARO E	115 DONOVAN AV E WOODST
0205	NASLUND WM C	631 JEFFERSON S WOODSTO
0207	LISTON DON J	535 PLEASANT WOODSTOCK
0210	WOODSTOCK OPTICL SY	666 JACKSON W WO
0211	SCULLY E J	10612 COUNTRY CLUB RD WOO
0212	ANDERSON GLENN E	418 PLEASANT WOODSTO
0213	FOAT DONALD	3104 RAYCRAFT RD WOODSTO
0214+	PHILLIPS BRADLEY	331 HAYWARD S WOODSTO
0215+	KRUMPEN MILTON	402 JACKSON W WOODSTOC
0216	KLEMME ROGER	542 PLEASANT WOODSTOCK
	KLEMMES FLOOR SERV	542 PLEASANT WOODS
0217+	VANDEVEER L	8412 CONCORD DR WOODSTOC
0219	LUSK GEO E	406 FLEMING RD N WOODST
0221	BAKER PETERSON CO	DONOVAN AV W WOOD
0222	SCHMIDT PRNTG	130 WASHINGTON WOODSTO

Haines uses telephone directories, along with other publications, such as United States Postal Service and Census Bureau compilations and maps, solely as a source for facts. (App., pp. 17a-18a) Haines does not "copy" telephone directories at any stage of its compilation process, and independently creates its own selection, arrangement, and organization of the facts it compiles from various sources.

Haines began publishing cross reference directories in 1932 and now publishes 54 directories throughout the country. The independent cross reference directory publishing industry has been in existence since 1917. Without any licenses from telephone companies, its members publish over 600 directories serving virtually every community with over 20,000 households and businesses. Telephone companies have traditionally been substantial customers of Haines and other independent cross reference directory publishers.

Respondent ("IBT") is a public utility providing general telephone services to the public. (App., p. 16a) IBT is required by law annually to distribute directories of its telephone subscribers arranged alphabetically by name, followed by address and telephone number. 83 Ill. Admin. Code § 735.180. (App., p. 16a) Reproduced below is a sample segment of an IBT telephone directory:

Johnson Lottie 8014 S Aberdeen — 783-2499
Johnson Lottie 641 W 66th — 651-6860
Johnson Lou Barta
9177 S South Chgo Av — 374-6158
Johnson Louella 11351 S Parnell Av — 785-4103
Johnson Louie A 7738 S Christiana Av — 925-2363
Johnson Louis 10020 S Carpntr — 233-7098
Johnson Louis
2851 S Dr Martn Luthr King Jr Dr — 326-1340
Johnson Louis 4127 W Van Buren — 722-0113
Johnson Louis 60 E 32nd — 791-0300
Johnson Louis Rev 6618 S Cottage Grv Av — 288-0050
Johnson Louis B 7337 S Calumet Av — 483-2536
Johnson Louis M 7709 S Damen Av — 874-4360
Johnson Louise 1059 W Garfield Bl — 434-4872
Johnson Louise 1646 S Karlov Av — 277-5294
Johnson Louise 111 S Kilpatrk Av — 261-3716
Johnson Louise 4861 N Paulina — 728-3553
Johnson Louise 6410 S St Lawrnc Av — 324-6680
Johnson Louise 3130 W Walnut — 638-0496
Johnson Louise B 400 E 41st — 2[illegible]-0697
Johnson Louise D 420 W 63rd — 7[illegible]-7308
Johnson Louise M 1136 W 78th — 783-6488
Johnson Louise V 3921 W Lexngtn — 533-6953
Johnson Lovell B 149 S Jeffery Bl — 734-7058
Johnson Lovie 7417 S Indiana Av — 224-4102
Johnson Lovie M 7952 S Dobson Av — 723-5989
Johnson Lovine 117 S Rockwl — 829-0389
Johnson Luberta 1541 W Marquette Rd — 737-3958
Johnson Lubertha 6224 S Bishop — 436-8055
Johnson M F 822 E 87th Pl — 723-5368
Johnson M J 10725 S Av O — 221-9076
Johnson M K 831 N Avers Av — 227-7526
Johnson M K 1400 N State Pkwy — 944-3982
Johnson M L 2221 N Hoyne Av — 489-3576
Johnson M L 2335 E 70th — 684-3835
Johnson M O 5258 N Virginia Av — 989-0716
Johnson M O'Connor 2110 N Hudson Av — 975-6651
Child's Telegh 2110 N Hudson Av — 975-6659
Johnson M R 2538 W Ainslie — 728-7947
Johnson M S 7447 S South Shore Dr — 721-7257
Johnson M W 1533 W Jarvis Av — 743-5705
Johnson Mabel 4827 N Sheridn Rd — 878-1396
Johnson Mabel A 9740 S Calumet Av — 264-0394
Johnson Mable 6801 S Honore — 434-2509
Johnson Mable 4148 W 21st Pl — 277-4363
Johnson Mable E 705 N Latrb Av — 379-8130
Johnson Mac 4217 S Vincennes Av — 536-7636
Johnson Mac Arthur 5251 S Emerld Av — 536-7486
Johnson Madaleine 660 E 85th — 723-5556
Johnson Madelle 1445 E 83rd — 374-4262
Johnson Madaria 6550 N Ashlnd Av — 338-3405
Johnson Mae E 8445 S Winchstr Av — 233-3605
Johnson Mae Frances 1712 E 85th Pl — 375-1840
Johnson Mae Francis 2051 W Lake — 829-5644
Johnson Maerean 1450 W 72nd Pl — 488-7993
Johnson Maggie 528 N Long Av — 287-3173
Johnson Maggie 3225 W Maypl Av — 638-4825
Johnson Maggie 4644 W Monroe — 287-2267
Johnson Maggie 252 W 103rd Pl — 785-9464

IBT does not independently solicit or discover the names and addresses appearing in its telephone directories. (App., p. 16a) These facts are provided either by IBT's telephone service customers, who must provide their names and addresses as a condition of receiving telephone services, or by other telephone companies in the area. (App., p. 16a) Any cost IBT incurs in compiling and publishing its telephone directories is absorbed by its telephone service rate structure.

The District Court found, and IBT admitted, that the names, addresses and telephone numbers appearing in IBT's directories are not original to IBT. (App., p. 16a) IBT also

admitted that Haines does not use any of the few original elements of IBT's directories.

A cross reference directory serves a completely different purpose from, and cannot be used in place of, an alphabetical telephone directory. (App., p. 24a) Haines does not include any advertising in its directories and derives revenue only from the sale or lease of its directories to a limited class of potential users, such as real estate agencies, collection agencies, police and fire departments, and federal law enforcement agencies.

II. PROCEDURAL BACKGROUND AND DECISIONS BELOW

IBT brought suit against Haines in 1985 for copyright infringement, alleging thirty-four different IBT alphabetical telephone directories published in 1982 and 1983 were infringed by five Chicago area Haines Criss + Cross directories published in 1983 and five published in 1984. (App., p. 19a) The District Court had jurisdiction over IBT's action pursuant to 28 U.S.C. § 1338(a). (App., p. 15a)

IBT alleged Haines infringed its copyrights by "copying from the Illinois Bell Directories the individual listings contained therein." (App., p. 19a) Haines denied IBT's allegations of infringement and counterclaimed against IBT and others for antitrust violations. Haines' antitrust counterclaim is not a subject of this petition.

Haines filed with the District Court a motion to dismiss IBT's complaint or, in the alternative, for partial summary judgment. (App., p. 16a) For purposes of the motion, Haines admitted IBT's thirty-four relevant directories were copyrighted as compilations of facts. (App., p. 20a) Haines based its motion on two interrelated grounds: (1) The only thing Haines "copied" from IBT's directories were underlying facts, which cannot be protected under the Copyright Act or the First Amendment apart from the selection, arrangement

and ordering used to express them (App., pp. 3a-4a, 20a); and (2) Haines' cross reference directories are completely dissimilar in expression from IBT's telephone directories. (App., pp. 6a, 23a-24a) IBT filed a cross motion for partial summary judgment on the issue of copyright liability on the grounds that 1) IBT's telephone directories were copyrighted; and 2) Haines copied information from those directories in creating its cross reference directories. (App., p. 19a) IBT admitted that the parties' works bore no similarity in selection, arrangement and purpose, limiting its claim to Haines' use of information from IBT's directories. (App., pp. 2a, 20a)

On April 13, 1988, the District Court denied Haines' motion and granted IBT's motion for partial summary judgment. (App., pp. 15a-26a). The District Court held each individual listing of a name, address, and telephone number appearing in an IBT telephone directory is "protectible, copyrighted material." (App., p. 20a) The Court stated Seventh Circuit law "protects a plaintiff compiler's copyright for even those facts that the plaintiff gathered from the public domain." (App., p. 22a)

The District Court further held that substantial similarity in expression between the parties' works is not required to show infringement if there is "direct evidence" that a defendant used the plaintiff's copyrighted work as a source of information. (App., p. 23a) In support of this holding, the District Court relied heavily on the district court's decision in the *Feist* case, which was affirmed without opinion. *Rural Telephone Service Co.* v. *Feist Publications, Inc.*, 633 F. Supp. 214, 218 (D. Kan. 1987), *aff'd without op.*, No. 88-1679 (10th Cir. March 8, 1990), *cert. granted*, No. 89-1909 (Oct. 1, 1990) (App., pp. 23a-25a).

On May 11, 1989, the District Court granted motions for summary judgment dismissing Haines' counterclaim and awarding statutory damages and attorneys' fees. The District Court also enjoined Haines from "using IBT's directories or

listing information without a license or IBT's consent," but stayed the injunction pending appeal.

On appeal, the Seventh Circuit affirmed the District Court's decision in all respects. (App., pp. 1a-14a)[2] The Court of Appeals first recited Haines' position that the Copyright Act, 17 U.S.C. §§ 101, 102(b), 103(b), allows the use of facts appearing in copyrighted works and prohibits only the use of the arrangement, coordination and selection of facts used in a copyrighted compilation. (App., pp. 3a-4a) The Court also recited Haines' reliance on this Court's opinion in *Harper & Row Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539 (1985) (App., p. 4a):

> Haines relies on *Harper & Row Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 547 (1985), where the Supreme Court stated that § 102 of the Copyright Act provides "no author may copyright facts or ideas. § 102. The copyright is limited to those aspects of the work — termed 'expression' — that display the stamp of the author's originality."

The Seventh Circuit summarily dismissed Haines' argument by stating IBT "has shown that its directories have valid copyrights," a contention never disputed by Haines. (App.,

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[2] In summarizing the factual background of this case, the Seventh Circuit recited that Haines was in a "license agreement" with IBT from 1971-1981 (App., pp. 2a-3a), but failed to address the facts that 1) IBT's former Vice President testified that he told Haines in 1970 that IBT would not object if Haines proceeded without an agreement and that the agreement was for purposes of cooperating with Haines in the cross reference directory market; and 2) this agreement was the sole such agreement ever reached by any member of the cross reference directory industry with a telephone company. The Court further stated fictitious listings appeared in Haines' directory. (App., p. 3a) Since Haines admitted it used IBT's directories as a source for information, the appearance of fictitious information resulting from that use is irrelevant.

p. 4a) The Court, therefore, confused the issues of copyrightability and scope of protection, and consequently failed to apply the statutory limitations on copyright protection.

The Court of Appeals further rejected the principle that only the use of an author's expression constitutes infringement, stating "This is not the law." (App., p. 6a) The Court of Appeals followed the District Court's analysis in holding that the use of underlying facts from a copyrighted work constitutes direct evidence of copyright infringement and eliminates the need to show substantial similarity in expression (App., p. 7a):

> Here there is direct evidence of copying, i.e., Haines admitted use of the information in Illinois Bell's directories to create its directory, and therefore, proof of substantial similarity is not required.

The Court thus concluded Haines could not use information from IBT's directories. (App., p. 7a)

Haines filed a petition for rehearing before the Seventh Circuit Court of Appeals, with a suggestion for a rehearing in banc, based on the conflict between its decision in this case with its prior decisions, most notably *Nash* v. *CBS, Inc.*, 899 F.2d 1537 (7th Cir. 1990), as well as with decisions of other Circuits and this Court's decision in *Harper & Row Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539 (1985). The Seventh Circuit had held in *Nash* that under § 102(b) of the Copyright Act, published works may be utilized as sources of information by subsequent authors and that only the expression of facts, which it identified as the choice of words and arrangement of facts, rather than the facts themselves, may be protected from subsequent use. (899 F.2d at 1542) The Court explicitly rejected the labor or "sweat of the brow" theory of copyright protection, stating that a copyright "does not protect hard work (divorced from expression)" and stressed that authors should not be forced to "reinvent the wheel" in

"building upon the works of others." (899 F.2d at 1540)[3] In rejecting these same principles in the instant case, the Seventh Circuit nowhere refers to *Nash*. Moreover, the Seventh Circuit in this case created a new and broader theory of protection, which prohibits the use of facts apart from their expression merely because they are included in a copyrighted work.

After denying Haines' Petition for Rehearing (App., pp. 27a-28a), the Seventh Circuit granted stays of the issuance of its mandate for a limited period. Haines filed an Application to Stay the Mandate of the Seventh Circuit Court of Appeals with this Court, which Justice Stevens granted on September 11, 1990.

REASONS FOR GRANTING THIS PETITION

I. THE GRANT OF CERTIORARI IN *FEIST PUBLICATIONS, INC.* V. *RURAL TELEPHONE SERVICE COMPANY, INC.*, NO. 89-1909, WARRANTS EITHER HOLDING OR GRANTING THIS PETITION

A. The Similarity Of The *Feist* Issue With The Issues In This Case

On October 1, 1990, this Court granted certiorari in *Feist Publications, Inc.* v. *Rural Telephone Service Company, Inc.*, No. 89-1909, over the following question:

> Does the copyright in a telephone directory by the telephone company prevent access to that directory as a source of names and numbers to compile a competing directory, or does copyright protection

[3] In so holding, the Court overruled its decision in *Toksvig* v. *Bruce Pub. Co.*, 181 F.2d 664 (7th Cir. 1950) "to the extent *Toksvig* confuses work or ideas with expression." (899 F.2d at 1542)

extend only to the selection, coordination, or arrangement of those names and numbers?

One of the basic questions in the instant case includes the second part of the *Feist* question — whether a copyright in an alphabetical telephone directory prohibits the copying of only "the selection, coordination, or arrangement of those names and numbers" appearing in that directory. Due to this overlap in issues, this Court may wish to withhold action on the instant petition until it has resolved the question in *Feist*. Disposition of this petition may then be made in light of how this Court determines the *Feist* issue.

B. This Case Presents Broader Questions Than *Feist* In That It Involves A Noncompetitive Work

Alternatively, this Court may find it appropriate to grant the instant petition and set the case down for argument in tandem with *Feist*. *Feist* raises the narrow issue of whether the copyright law prevents "access to that directory as a source of names and numbers to compile *a competing directory*." (Emphasis added). This petition involves a noncompeting directory incomparable in function, purpose, arrangement, and selection to an alphabetical telephone directory. Because the *Feist* petitioner's directory is competing, it arguably may have the same "coordination or arrangement" as the *Feist* respondent's directory. Here, there is no question that Haines only used bare-bone facts from IBT telephone directories and has used a different selection, coordination, and arrangement.[4]

[4] Although the *Feist* petition relies on 17 U.S.C. § 103(b) as authority prohibiting the protection of facts in a copyrighted work, as does Haines, Haines also contends both §§ 102(a) and (b) of the Copyright Act, the First Amendment, and the Constitutional grant of authority to Congress to enact copyright laws (art. I, § 8, cl. 8) mandate that facts may not be protected.

Because Haines' works are completely different in expression and purpose from IBT's directories, this case focuses on the policy behind the copyright law's refusal to protect facts. The policy underlying the copyright law seeks to encourage the creation of works of intellect while at the same time permitting the public to benefit from the progress resulting from further use of the ideas and information published in such works. *Sony Corp. of America* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *Hoehling* v. *Universal City Studios, Inc.*, 618 F.2d 972, 980 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980). The law reconciles the competing interests of authors and the public by providing protection to an author's expression but allowing the free use of the ideas and facts underlying that expression. *Harper & Row Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 558, 563 (1985); *Rosemont Enterprises, Inc.* v. *Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967). This limitation on protection is necessary to prevent the copyright laws from impeding progress or improvements resulting from the further use of ideas and facts disclosed by authors. *Franklin Mint Corp.* v. *National Wildlife Art Exchange, Inc.*, 575 F.2d 62, 63 (3d Cir. 1978).

Because Haines' Criss + Cross directories are useful works completely different than those of IBT, they are the types of works whose creation the copyright laws are designed to foster. Haines' and IBT's works do not compete in any sense, and IBT's incentive to publish telephone directories, therefore, is not lessened by the law's refusal to protect the underlying facts disclosed by its works.

The societal and economic progress achieved through the use of facts disclosed by telephone directories is illustrated by the growth of the independent cross reference directory industry over the past 73 years.[5] Telephone directories

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[5] Telephone companies themselves traditionally have recognized the utility of cross reference directories by cooperating with independent publishers and purchasing these directories for their internal use.

constitute an indispensable source of information to cross reference directory publishers. The decision in this case, therefore, will have a direct impact upon the existence of this and related nationwide industries.

C. The Issue In *Feist* Does Not Reach The Conflict Regarding The Substantial Similarity Test Of Liability

The noncompetitive relationship between alphabetical telephone directories and cross reference directories raises the additional issue, absent in the *Feist* petition, of whether the lack of substantial similarity in expression between the parties' directories precludes a finding of copyright infringement. In holding substantial similarity in expression is not required for a finding of infringement, the Seventh Circuit, in effect, expanded copyright to the equivalent of a monopoly on information provided only by a patent. *Baker* v. *Selden*, 101 U.S. 99, 102 (1880); *Crume* v. *Pacific Mutual Life Ins. Co.*, 140 F.2d 182, 183 (7th Cir. 1944), *cert. denied*, 322 U.S. 755 (1944). The purpose of the copyright law, however, has been limited to protecting only an author's expression. *Teleprompter Corp.* v. *Columbia Broadcasting System, Inc.*, 415 U.S. 394, 398 n.2 (1974).

II. THE SEVENTH CIRCUIT'S PROHIBITION AGAINST THE USE OF FACTS FROM A COPYRIGHTED COMPILATION CONFLICTS WITH DECISIONS OF OTHER CIRCUITS AND THIS COURT'S HARPER & ROW OPINION

A. The Conflict With Decisions Of Other Circuits

Under the interpretation of the copyright laws by the Second, Third, Fifth, Ninth, and Eleventh Circuit Courts of Appeals, copyrighted works may be freely used as sources of facts in creating new works, as long as the expression of the facts is not copied. These Circuits have characterized the protected expression of a compilation of facts as the "selection, coordination, and arrangement of facts," in accordance with the Copyright Act's definition of "compilation" in 17 U.S.C. § 101. These Courts also have recognized that the research or labor of a publisher in discovering and gathering facts cannot be protected under the Copyright Act. In this case, the District Court recognized its decision was in conflict with the law in the Second, Fifth and Ninth Circuits, but the Seventh Circuit did not address this conflict.

The current Ninth Circuit position is that "a factual compilation receives only limited copyright protection." *Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 205 (9th Cir. 1989). The author of such a work "can claim to 'own' only an original manner of expressing ideas or an original arrangement of facts." *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 491 (9th Cir. 1985). *Accord, Worth* v. *Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987), *cert. denied*, 485 U.S. 977 (1988) ("It is clear, then, that use of the factual content in Worth's books does not constitute infringement.") The Ninth Circuit has recognized "a strong policy permitting all to use freely the ideas contained in a copyrighted work so long as copyrighted expression is not appropriated" and allows subsequent publishers to use an author's expression if necessary to restate the facts

appearing in a published work. *Landsberg* v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 488 (9th Cir.), *cert. denied* 469 U.S. 1037 (1984). *Accord, Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 205 (9th Cir. 1989); *Narell* v. *Freeman*, 872 F.2d 907, 910-911 (9th Cir., 1989); *Gem Products, Inc.* v. *Robertshaw Controls Co.*, 229 U.S.P.Q. 740, 743 (C.D. Cal. 1986).

The Court of Appeals for the Fifth Circuit in *Miller* v. *Universal City Studios, Inc.*, 650 F.2d 1365, 1370 (5th Cir. 1981) also held that the mere use of information appearing in a copyrighted directory is not infringing. The Court delineated a compilation's copyrighted expression in exact accordance with § 101 of the Copyright Act (650 F.2d at 1369-70):

> A copyright in a directory, however, is properly viewed as resting on the originality of the selection and arrangement of the factual material, rather than on the industriousness of the efforts to develop the information. *See Nimmer, supra* at § 3.04. Copyright protection does not extend to the facts themselves, and the mere use of the information contained in a directory without a substantial copying of the format does not constitute infringement.

The Eleventh Circuit cited the principles set forth in *Miller* in holding a telephone directory copyright cannot prevent the use of information appearing in the directory. *Southern Bell Telephone and Telegraph Co.* v. *Associated Telephone Directory Publishers*, 756 F.2d 801, 810 (11th Cir. 1985).

The Third Circuit also refuses to prohibit the use of facts apart from their expression. In *Universal Athletic Sales Co.* v. *Salkeld*, 511 F.2d 904, 907, 909 (3d Cir.), *cert. denied*, 423 U.S. 863 (1975), the Court of Appeals reversed the lower court's holding that defendant's admitted copying of information and figures from plaintiff's instructional chart constituted infringement, stating (511 F.2d at 908):

> Underlying Universal's claim of infringement was a feeling of resentment that the defendants had utilized knowledge which had been secured without their own independent research. In short, it was the protection of the idea that was the foremost consideration of the plaintiff. But, copyright does not protect ideas — only expressions.

In *Triangle Publications, Inc.* v. *Sports Eye, Inc.*, 415 F. Supp. 682, 685-86 (E.D. Pa. 1976), the court followed *Salkeld* in holding that defendant's copying of facts from plaintiff's compilation did not constitute infringement because "it is only the method or form for expressing the data that is copyrightable."

The Second Circuit also repeatedly has held copying information does not constitute copyright infringement. *Walker* v. *Time Life Films, Inc.*, 784 F.2d 44, 49 (2d Cir.), *cert. denied*, 476 U.S. 1159 (1986); *Hoehling* v. *Universal City Studios, Inc.*, 618 F.2d 972, 977 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980); *Greenbie* v. *Noble*, 151 F. Supp. 45, 67 (S.D.N.Y. 1957).[6] The Second Circuit long has rejected the view that the labor expended in gathering information is protected under copyright law because the proscription against copyright in ideas and facts is designed to prevent "wasted effort" by subsequent authors. *Rosemont Enterprises, Inc.* v.

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[6] Under Second Circuit law, the copyright in a compilation depends on whether its arrangement and selection of facts goes beyond a mere mechanical ordering. *Financial Information, Inc.* v. *Moody's Investors Service, Inc.*, 808 F.2d 204, 207-08 (2d Cir. 1986), *cert. denied*, 484 U.S. 820 (1987); *Eckes* v. *Card Prices Update*, 736 F.2d 859, 862-863 (2d Cir. 1984).

Random House, Inc., 366 F.2d 303, 310 (2d Cir. 1966), *cert. denied.* 385 U.S. 1009 (1967).[7]

B. The Conflict With This Court's Harper & Row Opinion

In *Harper & Row Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539 (1985), this Court held that under § 102 of the Copyright Act, "No author may copyright his ideas or the facts he narrates." (471 U.S. at 556) This Court repeatedly held that a subsequent author does not infringe a copyrighted work insofar as he or she uses the facts, apart from their expression, appearing in the work. (471 U.S. at 548, 556-58, 563)

This Court in *Harper & Row* further held that the First Amendment requires that subsequent authors be allowed freely to use facts from a copyrighted work, stating (471 U.S. at 560):

> The Second Circuit noted, correctly, that copyright's idea/expression dichotomy strikes a definitional balance between the First Amendment and the Copyright Act by permitting full communication of facts while still protecting an author's expression. No author may copyright his ideas or the facts he narrates. 17 U.S.C. § 102(b). See, *e.g., New York Times*

[7] District courts in other Circuits, including the Tenth Circuit, have adopted the position followed by the Second, Third, Fifth, Ninth, and Eleventh Circuit Courts of Appeals and rejected by the Seventh Circuit and in *Feist. Feder* v. *Videotrip Corp.*, 697 F. Supp. 1165, 1169 (D. Colo. 1988) (holding that copying facts from a copyrighted work does not infringe if the method of expressing those facts is not copied). *Accord, Peckarsky* v. *American Broadcasting Co.*, 603 F. Supp. 688, 694-95 & n.11 (D.D.C. 1984); *Quinto* v. *Legal Times of Washington, Inc.*, 506 F. Supp. 554, 560 (D.D.C. 1981).

> *Co.* v. *United States*, 403 U.S. 713, 726, n., 91 S.Ct. 2140, 2147, n., 29 L.Ed. 2d 822 (1971) (BRENNAN, J., concurring) (Copyright laws are not restrictions on freedom of speech as copyright protects only form of expression and not the ideas expressed); 1 Nimmer § 1.0[B][2]

The Seventh Circuit's opinion in this case quoted, but did not distinguish, the holding in *Harper & Row* that "no author may copyright facts or ideas. § 102. The copyright is limited to those aspects of the work — termed 'expression' — that display the stamp of the author's originality." (App., p. 4a, *quoting* 471 U.S. at 547) The Seventh Circuit ignored this and other holdings on the limits of copyright protection by quoting from the following statement in *Harper & Row* (471 U.S. at 547; App., p. 5a):

> Creation of a nonfiction work, even a compilation of pure fact, entails originality.

This statement merely confirms that compilations of facts may be properly copyrighted, a position Haines has never disputed. It in no way implies that facts apart from the expression used in a compilation may not be used in a subsequent work. To the contrary, this Court expressly held in *Harper & Row* that a copyright does not prevent subsequent authors from copying facts from an author's work. (471 U.S. at 548). Moreover, this Court noted that the "law generally recognizes a greater need to disseminate factual works than works of fantasy" (471 U.S. at 563) and that less expressive factual works, such as directories, are entitled to correspondingly less protection in order to ensure that copyright does not impede the dissemination of published facts:

> [E]ven within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language

> to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case.

(471 U.S. at 563, *quoting* Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. Copyright Soc. 560, 561 (1982)).

By summarily dismissing the Supreme Court's holdings in *Harper & Row* regarding the limits on protection provided copyrighted works, the Seventh Circuit conflicts with other courts which have cited *Harper & Row* as requiring that facts in a copyrighted work, including a compilation of facts, be freely available for use by subsequent publishers. *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 491 (9th Cir. 1985), (citing *Harper & Row* for holding that "Copyright law never protects the facts and ideas contained in published works."). *Accord, Narell* v. *Freeman*, 872 F.2d 907, 910 (9th Cir. 1989).

III. THE SEVENTH CIRCUIT'S TEST OF COPYRIGHT INFRINGEMENT CONFLICTS WITH THE TESTS OF OTHER CIRCUITS

A. The Seventh Circuit's Rejection Of The Substantial Similarity Test Conflicts With The Standard Infringement Analysis Established By Other Courts

In affirming the District Court's decision in this case, the Seventh Circuit rejected the requirement that a plaintiff must prove substantial similarity in expression between the plaintiff's and defendant's works to prove copyright infringement. (App., p. 6a) The District Court relied upon the holding in *Rural Telephone Service Co.* v. *Feist Publications, Inc.*, 663 F. Supp. 214, 218 (D. Kan. 1987), *aff'd without op.*, No. 88-1679 (10th Cir. March 8, 1990), *cert. granted*, No. 89-1909, (Oct. 1, 1990) that the substantial similarity inquiry only is used "when there is no direct evidence of copying." (App., p. 23a) This line of reasoning confuses "copying" with

infringement and results in using proof of "copying" information to satisfy the separate requirement of showing substantial similarity in expression.

The standard test for copyright infringement requires a showing that 1) defendant used or "copied from" plaintiff's copyrighted work *and* 2) the copying constituted an "improper appropriation" of plaintiff's protected expression. *Hoehling* v. *Universal City Studios, Inc.*, 618 F.2d 972, 977 (2d Cir.) *cert. denied* 449 U.S. 841 (1980); *Arnstein* v. *Porter*, 154 F.2d 464, 468 (2d Cir. 1946). *See also Sid & Marty Krofft Television Productions, Inc.* v. *McDonald's Corp.*, 562 F.2d 1157, 1165 (9th Cir. 1977) (adopting substantial similarity test utilizing the two steps of copying and improper appropriation of expression).[8] To prove infringement, a plaintiff must show in addition to copying that what was taken is "substantial and material enough . . . to constitute an unlawful appropriation, i.e., that the works are 'substantially similar'." W. Patry, Latman's The Copyright Law 196-197 (6th ed. 1986). *Accord, Walker* v. *Time Life Films, Inc.*, 784 F.2d 44, 48, 50 (2d Cir.), *cert. denied*, 476 U.S. 1159 (1986); *Evans*

[8] Proof of the first element that a defendant copied from a work does not alone prove infringement. *Universal Athletic Sales Co.* v. *Salkeld*, 511 F.2d 904, 907 (3d Cir.), *cert. denied*, 423 U.S. 863 (1975). This requirement only "protects the defendant who has never consulted the plaintiff's work but whose work is because of coincidence or artistic convention, substantially similar to the plaintiff's." P. Goldstein, 2 Copyright § 7.1.2, p. 7 (1989).

Newton, Inc. v. *Chicago Systems Software*, 793 F.2d 889, 893 (7th Cir.), *cert. denied*, 479 U.S. 949 (1986).

Numerous courts have specifically recognized that evidence of copying does not eliminate the need to show substantial similarity in expression. In *Universal Athletic Sales Co.* v. *Salkeld*, 511 F.2d 904, 907, 909 (3d Cir.), *cert. denied*, 423 U.S. 863 (1975), the Third Circuit held that defendant's admitted copying did not obviate the question of whether the parties' works were substantially similar in expression.[9] *Accord, Triangle Publications, Inc.* v. *Sports Eye, Inc.*, 415 F.Supp. 682, 685 (E.D. Pa. 1976) (position that "every time a copyrighted work is copied, there would be an infringement" was erroneous, as it "would render the requirement of substantial similarity meaningless and nugatory"). In *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 492 (9th Cir. 1985), the Court also required that substantial similarity in expression be shown from the defendant's admitted use of the plaintiff's work and further held, "proof of common errors does not alleviate the need for proving substantial similarity." *Accord, Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 207-08 (9th Cir. 1989); *Narell* v. *Freeman*, 872 F.2d 907, 910-11 (9th Cir. 1989).

In *United Telephone Co.* v. *Johnson Pub. Co.*, 855 F.2d 604, 608 (8th Cir. 1988), the Eighth Circuit implicitly overruled the lower court's holding (671 F. Supp. 1514, 1522-23 (W.D. Mo. 1987)) that there was no need to show substantial similarity because the defendant had used information from

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[9] In so holding, the Third Circuit stated, "substantial similarity to show that the original work has been copied is not the same as substantial similarity to prove infringement." (511 F.2d at 907). *Accord*, W. Patry, Latman's The Copyright Law 193 & n.18 (6th ed. 1986) (noting the dual usage of the shorthand phrase "substantial similarity" in describing "both that type of similarity used to establish indirect proof of copying *and* that necessary to establish a *prima facie* case of infringement"); *Atari, Inc.* v. *North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 615 (7th Cir.), *cert. denied*, 459 U.S. 889 (1982).

plaintiff's alphabetical telephone directory to create its own alphabetical telephone directory. The Eighth Circuit held that a plaintiff must show substantial similarity in expression, as well as in ideas, using reasoning similar to the "total concept and feel" test of substantial similarity applied in *Hartman* v. *Hallmark Cards, Inc.*, 833 F.2d 117, 120-21 (8th Cir. 1987) and other cases involving fictional works. (855 F.2d at 608-09).[10]

B. The Seventh Circuit's Decision Conflicts With Decisions Requiring A Stricter Test Of Infringement For Factual Works

The Seventh Circuit's rejection of the requirement of substantial similarity also conflicts with the position of the Ninth Circuit that a stricter test should be applied to show infringement of a factual work. In *Landsberg* v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 488 (9th Cir.), *cert. denied*, 469 U.S. 1037 (1984), the Ninth Circuit held that because authors of factual works "often can choose from only a narrow range of expression, . . . similarity of expression may have to amount to verbatim reproduction or very close paraphrasing before a factual work will be deemed infringed." In *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777

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[10] Even though Haines' directories would not be found to be infringing under that analysis, the total concept and feel test has been rejected in cases involving compilations and other factual works because it allows the trier of fact to include facts and other unprotected elements in assessing substantial similarity, rather than comparing only the works' protected expression. *Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 207 (9th Cir. 1989). As stated in *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 493 (9th Cir. 1985:

> What is important is . . . whether the very small amount of protectible expression in Cooling Systems' catalog is substantially similar to the equivalent portions of Stuart's catalog.

Taft Television & Radio Co. v. *King Broadcasting Co.*, 5 U.S.P.Q. 2d 1355, 1358 (9th Cir. 1987); *Nash* v. *CBS, Inc.*, 704 F.Supp. 823, 826 (N.D. Ill. 1989), *aff'd*, 899 F.2d 1537 (7th Cir. 1990)

F.2d 485, 492 (9th Cir. 1985), the Court affirmed this standard in cases involving factual compilations, and held that "the author of a factual work ultimately must show that what has been taken from his expression is something more than what 'must unavoidably be produced by anyone who wishes to use and restate' the facts that form the greater part of the work." *Accord, Taft Television & Radio Co.* v. *King Broadcasting Co.*, 5 U.S.P.Q. 2d 1355, 1358-1359 (9th Cir. 1987). In the Ninth Circuit's most recent compilation case decision, the Court further held that infringement of factual compilations should not be found in the absence of "bodily appropriation of expression." *Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 205 (9th Cir. 1989). *Accord, Worth* v. *Selchow & Righter Co.*, 827 F.2d 569, 572, 573 (9th Cir. 1987), *cert. denied*, 485 U.S. 977 (1988).

Because IBT's alphabetical telephone directories represent merely terse and mechanical organizations of facts which entail almost no original authorship, they should be provided with less protection than that accorded other works under the copyright law. The Seventh Circuit, however, by not requiring a showing of improper appropriation of expression, paradoxically provided IBT's directories with protection beyond that afforded the highest form of literary work recognized by the Copyright Act.

CONCLUSION

For the foregoing reasons, petitioners respectfully submit that this Court should grant their Petition for Certiorari or, alternatively, hold this Petition pending resolution of the issue presented in *Feist Publications, Inc.* v. *Rural Telephone Service Co.*, No. 89-1909 (cert. granted, Oct. 1, 1990).

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APPENDIX

In the
United States Court of Appeals
For the Seventh Circuit

No. 89-2207

ILLINOIS BELL TELEPHONE COMPANY,

Plaintiff-Appellee,

v.

HAINES AND COMPANY, INC., HAINES CRISS + CROSS PUBLISHERS, INC., WILLIAM K. HAINES, SR., and WILLIAM K. HAINES, JR.,

Defendants-Appellants.

HAINES AND COMPANY, INC., and HAINES CRISS + CROSS PUBLISHERS, INC.,

Counterclaimants-Appellants,

v.

ILLINOIS BELL TELEPHONE COMPANY,

Counterdefendant-Appellee.

On Appeal from the United States District Court
for the Northern District of Illinois, Eastern Division.
No. 85 C 07644—**Suzanne B. Conlon,** *Judge.*

ARGUED APRIL 2, 1990—DECIDED JUNE 25, 1990

Before FLAUM and KANNE, *Circuit Judges*, and NOLAND, *Senior District Judge.**

FLAUM, *Circuit Judge.* Illinois Bell Telephone Company ("Illinois Bell") brought suit against Haines and Company, Inc., ("Haines") for copying information from its "white pages" telephone directory and including it in Haines' street address directory and thus infringing on Illinois Bell's copyright. Haines counterclaimed for alleged Sherman Act violations by Illinois Bell. The district court granted summary judgment in favor of Illinois Bell on both counts, and Haines appeals. For the following reasons, we affirm the decision of the district court.

I.

Illinois Bell is a public utility providing general telephone services to the public. It is required by law to distribute to its subscribers a white pages telephone directory. The white pages, the familiar telephone book, is primarily comprised of alphabetical listings of its customer's names followed by street and telephone number information. Haines publishes cross reference directories under the "criss + cross" trademark. This appeal concerns Haines publication of its street address directory ("SAD"). The SAD lists streets in alphabetical order. Beneath each street listing, addresses on the street are listed in ascending numerical order. Adjacent to the address is the resident's last and first name, telephone numbers, the year the listing was last updated, the type of building at the address, and other useful information. *See Illinois Bell Telephone Co.* v. *Haines and Co.*, 683 F. Supp. 1204 (N.D. Ill. 1988) (detailing background information concerning Illinois Bell's & Haines' directories).

From 1971 until 1981, Haines and Illinois Bell entered into agreements, renewed each year, under which Illinois Bell

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* The Honorable James E. Noland, Senior District Judge for the Southern District of Indiana, is sitting by designation.

provided to Haines advance "signature copies" of its white pages received from the printer prior to public distribution. Haines used the signature copies to discover new or changed names or telephone numbers to be included in its directories. Under the agreements, Illinois Bell billed Haines for every listing contained in the signature copies.

In 1982, Haines refused to renew the license agreement with Illinois Bell, stating it would rely on "other sources." One of the other sources turned out to be the published form of Illinois Bell's white pages. Illinois Bell discovered this use when it noticed that ten of twelve fictitious listings planted in the 1982 white pages appeared in Haines' directories. In 1983, thirteen of fourteen fictitious listings appeared in Haines' directories. Illinois Bell complained to Haines about this illicit use of the white pages and requested payment for the listings. Haines refused to pay.

Illinois Bell filed suit in the United States District Court for the Northern District of Illinois alleging Haines violated its copyrights in the white pages. Haines counterclaimed against Illinois Bell for alleged violations of the Sherman Antitrust Act. The district court granted Illinois Bell's motion for summary judgment, holding that Illinois Bell has a valid copyright interest in its telephone directories and that Haines' 1982 and 1983 SADs infringed on those copyrights. On the counterclaim, the district court determined that there were no genuine issues of material fact and that Illinois Bell was entitled to summary judgment as a matter of law. Haines challenges these findings on appeal as well as the district court's grant of statutory damages and attorneys' fees in favor of Illinois Bell. For the reasons stated below, we affirm the district court.

II.

We begin with Haines' appeal from the grant of summary judgment on the copyright claim. Haines argues on

appeal, as it did in the district court, that in taking the information from Illinois Bell's directory it merely copied facts which contain no elements of expression and are uncopyrightable. Haines relies on *Harper Row Publishers, Inc.* v. *Nation Enterprises,* 471 U.S. 539, 547 (1985), where the Supreme Court stated that § 102 of the Copyright Act provides "no author may copyright facts or ideas. § 102. The copyright is limited to those aspects of the work-termed 'expression'—that display the stamp of the author's originality." Haines argues that under *Harper Row Publishers,* compilations which are copyrightable under 17 U.S.C. § 103(a), are similarly protected only for the originality contributed by the author and not the underlying facts. Therefore, Haines asserts, only an author's original contribution, which is defined in section 101 of the Copyright Act as the arrangement, coordination or selection displayed by the compilation, is copyrightable. In this respect, Haines alleges that Illinois Bell's white pages entail almost no originality and the district court erred in granting copyright protection to the facts contained in Illinois Bell's directory.

The district court's well-reasoned opinion specifically rejected this assertion, and we agree that "[Illinois Bell] has shown that its directories have valid copyrights." *Illinois Bell,* 683 F. Supp. at 1207. In reaching this conclusion, the trial judge appropriately relied on this Court's decision in *Schroeder* v. *William Morrow & Co.,* 566 F.2d 3 (7th Cir. 1977). *Schroeder* involved an action by a compiler of a book of listings of names and addresses of suppliers of seeds, plants, publications and plant societies that alleged copyright infringement against the publishers of a different gardening book who copied the names and addresses out of the plaintiff's book. In that decision, we held that "[a]n original compilation of names and addresses is copyrightable even though the individual names and addresses are in the public domain and not copyrightable" because it contains originality. *Id.* at 5. *Schroeder* remains valid precedent and is quite applicable to this appeal. Illinois Bell's directories are compilations of

facts, consisting of names, addresses, and telephone numbers, and as such can be protected by copyright under *Schroeder.*

Our conclusion that the directories are copyrightable finds ample support from several circuits and the Supreme Court. First, in the Ninth Circuit opinion of *Leon* v. *Pacific Telephone and Telegraph Co.,* 91 F.2d 484 (9th Cir. 1937), relied on by this Court in *Schroeder,* the Ninth Circuit held a publisher who rearranged an alphabetical telephone directory numerically violated the alphabetical directory publisher's copyright. Protection for compilers has also been cited with favor in *Harper Row* v. *Nation Enterprises,* 471 U.S. 539, 547 (1984) where the Supreme Court cited *Schroeder* for the proposition that "a compilation of pure fact, entails originality." The decision we reach today is more directly supported by the Eighth Circuit's opinion in *Hutchinson Telephone Co.* v. *Fronteer Directory Co.,* 770 F.2d 128, 131 (8th Cir. 1985), where the court stated "[i]t thus appears, Congress intended that directories be copyrightable, thereby ratifying an unbroken line of cases holding telephone directories to be copyrightable . . . As to originality, where a telephone directory is assembled from data collected and constantly revised by the telephone company, courts consistently have held that such a directory is copyrightable. It is evident that a directory compiled by a telephone company from its internally maintained records may be said to be independently created." (citations omitted). In sum, we agree with the district judge's conclusion that Illinois Bell has a valid copyright in its white pages directory.

We now consider whether the district court properly concluded that Haines infringed upon the copyright. In support of its finding of infringement, the district court relied on this Court's opinion in *Rockford Map Publishers, Inc.* v. *Directory Service Co. of Colorado Inc.,* 768 F.2d 145 (7th Cir.) *cert. denied,* 474 U.S. 1061 (1985), an analogous case that held it is an infringement to create a second compilation by

merely copying from the first copyrighted work. As stated in that case:

> [A] second compiler may check back his independent work upon the original compilation. The right to 'check back' does not imply a right to start with the copyrighted work. Everyone must do the same basic work, the same 'industrious collection.' A subsequent compiler is bound to set about doing for himself what the first compiler has done. The second compiler must assemble the material as if there had never been a first compilation; only then may the second compiler use the first as a check on error.

Id. at 149. (citations omitted). In *Schroeder,* we also noted that "[a]nother is entitled to make his own compilation of the same names and addresses, using information in the public domain, but he is not entitled merely to copy the copyrighted list." 566 F.2d at 5-6. Haines' admitted use of Illinois Bell's directories is direct evidence of copying and is a copyright infringement. While Haines may use the same facts contained in Illinois Bell's directory, it must not obtain them by copying Illinois Bell's compilation. Therefore, we agree with the district court that Haines infringed on Illinois Bell's copyright.

Haines claims, however, that the district court erred in reaching its conclusion on infringement because it did not require Illinois Bell to prove substantial similarity between the copyrighted and alleged infringing works. This element is required, according to Haines, because only the use of substantially similar expression constitutes an infringing use. This is not the law.

To establish copyright infringement, a plaintiff must prove ownership of a valid copyright and that the defendant copied the plaintiff's work. *Atari, Inc.* v. *North American Philips Consumer Electronics Corp.,* 672 F.2d 607, 614 (7th Cir.), *cert. denied,* 459 U.S. 880 (1982). We have already determined that Illinois Bell has a valid copyright. To satisfy

the copying element of infringement, direct evidence of copying will suffice. *See Atari,* 672 F.2d at 614. Establishing substantial similarity is necessary only when direct evidence of copying is unavailable. *Id.* at 614. Here there is direct evidence of copying, i.e. Haines admitted use of the information in Illinois Bell's directories to create its directory, and therefore, proof of substantial similarity is not required.

For the above-stated reasons, we agree with the district judge's conclusion that Haines infringed on Illinois Bell's copyright when it copied Illinois Bell's information. Haines must either pay for the listings or conduct its own search using the white pages only for verification, not as source material.

III.

We now turn to Haines' antitrust counterclaim. On appeal, Haines asserts that the district court erred in its conclusion that Illinois Bell did not attempt to monopolize in violation of section 2 of the Sherman Antitrust Act, 15 U.S.C. § 2 ("the Sherman Act"). The district court reached its conclusion by determining that Haines failed to demonstrate the necessary specific intent for an attempt to monopolize claim. In this respect, the court determined that Illinois Bell did not withhold access to an essential facility on a discriminatory basis or illegally tie the purchase of unwanted listings to wanted listings.

Section 2 of the Sherman Act, along with its other provisions, prohibits attempts to monopolize. A plaintiff claiming that the defendant violated section 2 must prove specific intent, conduct manifesting an intent to monopolize, as well as a dangerous probability of success of monopolizing the relevant market. *Photovest Corp.* v. *Fotomat Corp.,* 606 F.2d 704, 711 (7th Cir. 1979) *cert. denied,* 445 U.S. 917 (1980); *see also Swift & Co.* v. *United States,* 196 U.S. 375, 396 (1905). Haines alleges Illinois Bell's denial of reasonable access to an

essential facility and alleged discriminatory tying of useless directory listings to wanted listings are sufficient evidence of specific intent. See *Kearney & Trecker Corp.* v. *Giddings & Lewis, Inc.*, 452 F.2d 579, 598 at n.49 (7th Cir. 1971), *cert. denied*, 405 U.S. 1066 (1972) (tying arrangements have been held to be evidence of specific intent to monopolize). We disagree.

A grant of summary judgment is proper if there is no genuine issue of fact and the movant is entitled to judgment as a matter of law. Fed.R.Civ.P. 56(c). Furthermore, summary judgment is a proper disposition in antitrust cases. *Valley Liquors, Inc.* v. *Renfield Importers, Ltd.*, 822 F.2d 656, 659 n.5. (7th Cir. 1987). A genuine issue of fact for trial exists only when there is sufficient evidence favoring the nonmovant for a jury to return a verdict for that party. *Anderson* v. *Liberty Lobby*, 477 U.S. 242 (1986). In this analysis, we must not weigh the evidence, but we must determine if the evidence is sufficient. *Valley Liquors*, 822 F.2d at 659. In considering whether the evidence is sufficient, we draw all inferences in favor of the nonmovant and consider whether the substantive evidentiary standard of proof of preponderance of the evidence has been met. *Id.* at 659. Because we agree that there is no evidence of specific intent, the district court properly granted summary judgment on these claims.

Haines asserts that Illinois Bell's denial of reasonable access to an essential facility is evidence of specific intent. In viewing the evidence in the light most favorable to Haines, we assume without considering the merits, as did the district court, that Illinois Bell's white pages constitute an essential facility. The essential facilities doctrine imposes upon the controller of an essential facility the obligation to make the facility available to competitors on nondiscriminatory terms. *Fishman* v. *Estate of Wirtz*, 807 F.2d 520, 539 (7th Cir. 1986); *see United States* v. *Terminal Railroad Association*, 224 U.S. 383, 410-11 (1912). Haines alleges that Illinois Bell failed to comply with this requirement and that the district

court, in determining Haines was not denied access to an essential facility, failed to analyze the relevant product market and other evidence of discrimination in pricing.

Although Haines' allegations may be evidence of an essential facility claim, they do not go to specific intent for an attempt to monopolize claim. The owner of an essential facility is defined as one who, for all practical purposes, possesses a monopoly and thus cannot also be guilty of an attempt to monopolize. Thus, this aspect of Haines' claim is without merit.

If Haines is making an essential facilities argument, however, it merely produces evidence we find to have been adequately considered and decided by the district court. The crux of Haines' evidence, alleging that the district court failed to consider the relevant market and discriminatory tying, merely asserts that it was not treated as fairly as the Donnelly Corporation ("Donnelly"), a competitor of Haines in the Chicago SAD market. This comparison between Illinois Bell's arrangements with Haines and Donnelly was adequately addressed by the district court when it concluded the activity did not amount to a Sherman Act violation. We agree and will discuss the issues briefly.

Our review discloses that the district court, in analyzing the essential facilities claim, properly considered whether Illinois Bell prevented access to its listings. In considering this claim, it is not necessary to consider the relevant market of the essential facility. The court need only consider whether the prices charged by Illinois Bell to all directory publishers provided access to those who sought such listings. In making this determination, the court concluded that Illinois Bell charged uniform rates to all listing purchasers under the same standard licensing agreements. Haines' relevant market assertion seeks consideration of whether Haines was treated as fairly as its only competitor in the Chicago SAD market, Donnelly.

Although such a review limited by relevant market is not necessary, it was considered and rejected by the district court and its reacclamation does not fair any better before this Court. The district court concluded that "[t]he record does not establish that Donnelly paid less for listing information than Haines." Donnelly merely had a separate arrangement with Illinois Bell where it paid a negotiated sum for the listings, whereas Haines paid per listing under a standard licensing agreement. Illinois Bell billed Haines $55,155.78 for 1,968,421 listings in 1983 and $61,904.27 for 1,996,912 listings in 1984. Donnelly was charged $800,725 and $914,947 for its listings for each of those years respectively. The district court concluded that these figures did not demonstrate a denial of reasonable access to the listings. Furthermore, the court found there was no evidence that Haines attempted to negotiate any more favorable arrangements, as did Donnelly, but the option was surely available to it. Therefore, the district court's conclusion that this pricing was nondiscriminatory is not clearly erroneous.

The additional fact, asserted by Haines is support of this allegation, that the prices charged Haines for Illinois Bell's listings increased over those charged in prior years does not mandate a different result. The trial court determined there were legitimate business reasons for the change since the majority of the increase was related to Illinois Bell's business decision to switch from cost-based pricing to market-based pricing. This finding is amply supported by evidence in the record and is not clearly erroneous.

As further evidence of specific intent to monopolize, Haines claims Illinois Bell discriminated against it by tying the sale of listings it wanted to the purchase of unwanted listings. The district court found, however, that this arrangement existed solely because of Haines choice to purchase the listings in the least costly method. The court concluded that if

Haines desired, Illinois Bell could have, and there is no evidence to show it would not have, provided only desired listings of specific geographic areas as part of a more expensive option. Such an arrangement, therefore, although different from Donnelly's arrangement of receiving only wanted listings, cannot support Haines' attempt to demonstrate specific intent by Illinois Bell to monopolize.

Furthermore, it is essential that there be two separate and distinct products for the existence of a tying offense. *Collins* v. *Associated Pathologists, Ltd.*, 844 F.2d 473 (7th Cir. 1988). In this case, the district court correctly found the listings only constituted one product and without "two products there can be no illegal tying arrangement." We agree.

Therefore, the district court correctly found that all the evidence Haines proffers does not raise a material issue of fact that Illinois Bell had the specific intent necessary to support a claim for an attempt to monopolize in violation of section 2 of the Sherman Act. Haines' evidence merely illustrates that it considers it was not treated as fairly as Donnelly. There is, however, no evidence in the record to support any unfair treatment, and in any event, such treatment does not support a violation of section 2. Haines has reasonable access to the white pages listings and was not prevented from purchasing only the listings it wanted. Therefore, Haines has not established the specific intent necessary to support its allegations.

IV.

Haines' final claims concern the district court's grant of statutory damages and attorney fees. It alleges that the district court's grant of statutory damages was not supported by the evidence and that the grant of attorneys' fees was inappropriate based on the district court's erroneous conclusion that Haines did not attempt to settle the dispute.

Reviewing the court's grant of statutory damages, we note that a copyright infringer is liable for either the copyright owner's actual damages and any additional profits of the infringer, or statutory damages as provided for in 17 U.S.C. § 504. At any time before final judgment, the copyright owner may elect statutory damages instead of actual damages in the sum of not less than $250 or more than $10,000 for each infringement, as the court considers just.[1] 17 U.S.C. § 504(c) (1976). Illinois Bell opted for statutory damages and the district court considered an award of $8,250 for each infringement to be just to ensure that Haines "did not profit from violating the copyright laws, and to discourage future violations." The court then determined there were 28 acts of infringement and ordered a total damage award of $231,000.

An award between the minimum and maximum statutory limits for copyright infringement damages is wholly within the trial court's discretion and sense of justice. *Markham v. A.E. Borden, Co.*, 221 F.2d 586 (1st Cir. 1955). The damages awarded by the district court are within the statutory scheme established by Congress and totalled only approximately twice the amount requested by Illinois Bell under the license agreement. The judge determined such an award was justified to penalize Haines for its illbegotten profit and to deter future violations. Such considerations are wholly proper for a district court in granting copyright damages. *International Corwin Corp.* v. *Kowalczyk*, 855 F.2d 375, 383 (7th Cir. 1988). A damage award greater than profits is also proper to put potential infringers on notice that "it costs less to obey the copyright laws than to violate them." *Id.* at 383. Therefore, we conclude the district court acted well within its discretion in determining the amount of damages.

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[1] The statute has since been amended to increase the dollar amounts.

Haines' closing contention is that the district court abused its discretion in awarding attorneys' fees for the copyright action. Haines claims it disputed Illinois Bell's copyright in good faith and has litigated the claim vigorously, and therefore the request for attorneys' fees should have been denied.

Section 505 of the Copyright Act provides that a court "in its discretion may allow the recovery of full costs by or against any party . . . [and] may also award a reasonable attorney's fee to the prevailing party as part of the costs. 17 U.S.C. § 505. The purpose of an award of attorneys' fees in copyright cases is as much to penalize the losing party as to compensate the prevailing party. *Rose* v. *Bourne, Inc.*, 176 F.Supp. 605 (D.C.N.Y. 1959) *affd.*, 279 F.2d 79, *cert. denied*, 364 U.S. 880. The district court determined that Haines made no attempt to resolve the matter with Illinois Bell and accordingly granted fees. It is entirely within the judge's discretion to consider this factor in awarding fees. *See Kowalczyk*, 855 F.2d at 384. Furthermore, Haines refused to pay for using Illinois Bell's listings after it declined to renew the license agreement the parties had used for the previous ten years. The court considered the earlier licenses to be evidence of Haines' knowledge of Illinois Bell's copyright on the white pages and its deliberate infringement. In such a set of circumstances, we cannot conclude that the district court abused its discretion in awarding attorneys' fees.

V.

The district court's finding that Haines violated Illinois Bell's copyright and failed to prove a Sherman Act violation is correct and its decision, including its award of statutory

damages and attorneys' fees, is hereby AFFIRMED. It is so ordered.

A true Copy:
Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

USCA 79004—Midwest Law Printing Co., Inc., Chicago—6-25-90—500

United States District Court

Northern District of Illinois

Eastern Division

ILLINOIS BELL TELEPHONE COMPANY,
an Illinois Corporation,

Plaintiff,

v.

HAINES AND COMPANY, INC.,
an Ohio corporation,
HAINES CRISS + CROSS PUBLISHERS, INC.,
an Illinois corporation,
WILLIAM K. HAINES, SR.,
and WILLIAM K. HAINES, JR.,

Defendants,

HAINES AND COMPANY, INC.,
HAINES CRISS + CROSS PUBLISHERS, INC.,

Counterclaimants,

v.

ILLINOIS BELL TELEPHONE COMPANY,
an Illinois corporation,
AMERITECH PUBLISHING, INC.
a Delaware corporation,
AMERITECH PUBLISHING OF ILLINOIS INC.,
an Illinois corporation,
The REUBEN H. DONNELLEY CORPORATION,
a Delaware corporation, AM-DON, a
general partnership formed under the
Illinois Uniform Partnership Act.

Defendants on Counterclaim.

No. 85 C 07644

MEMORANDUM OPINION AND ORDER

Plaintiff Illinois Bell Telephone Company ("IBT") brought this action for copyright infringement under Title 17 of the United States Code against defendants Haines and Company, Inc., Haines

Criss + Cross Publishers, Inc., William K. Haines, Sr., and William K. Haines, Jr. (collectively "Haines"). Now before the court is Haines' motion to dismiss or, alternatively, for partial summary judgment. IBT brings a cross-motion for partial summary judgment. For the following reasons, IBT's motion for summary judgment is granted on the issue of liability.

Factual Background

The Parties and Their Directories

IBT is a public utility that provides telephone service. The Illinois Administrative Code requires IBT to publish and distribute telephone directories to its consumers. 83 Ill. Admin. Code §735.180; Deposition of David Winton, IBT District Manager-Directory ("Winton Dep."), p. 201. The content of these directories, commonly known as "white pages," primarily is comprised of alphabetical listings of IBT's customers, followed by their respective addresses and telephone numbers. Other features of the directories are not at issue here.

The source for each listing is the IBT customer. When a customer initially receives telephone service, the customer's preference as to a listed name is placed on a service order and a telephone number is assigned. Winton Dep., p. 204. The contents of the service order are entered into IBT's computer system, where editing and verification take place in a number of different steps. Winton Dep., pp. 99-100, 204-210. Some manual correction and proofreading occurs. Winton Dep., pp. 198, 205, 221, 234-235.

Haines publishes cross reference directories under the trademark Criss + Cross. Declaration of James A. McGeorge, Vice President of Haines and Company, Inc., at ¶ 2 ("McGeorge Decl."). Each directory contains an "Addressakey," or street address directory, and a "Telokey," or telephone numerical directory. *See* Arden Exhibit 1. The Addressakey lists all streets in an area in alphabetical order. Each street and its town are capitalized in a bold typeface and are followed by the zip code. Beneath each street listing, addresses are listed in ascending numerical order. Adjacent to the address is the resident's last name, then first name and/or initials. *See* Arden Exhibit 1, Addressakey Key to Symbols. Non-residential names and numbers appear in bold typeface. Many listings are followed by a

number to indicate the year in which the listing first appeared or was changed. The Addressakey also indicates whether an address is a multiple residence or apartment and whether more than one person is at an address or uses a telephone number. Following the list of addresses for each street, the Addressakey indicates the number of businesses, residences and new listings that appeared for that street.

The Telokey for a given area lists telephone numbers in ascending numerical order according to headings containing the telephone number prefix. *See* Arden Exhibit 1. Adjacent to each number is the name and address, with non-residential listings in boldface type. A plus-sign appears by new listings, and apartments or mobile homes are indicated.

Other than the changes in format, additional differences exist between the Haines and IBT listings. Haines employs certain standardized abbreviations which differ from IBT's equivalent abbreviations. First, Haines follows United States Post Office rather than IBT abbreviations for street designations such as "avenue," "street," "boulevard," etc. McGeorge Dep. at 108, 111, 130; McGeorge Decl., ¶ 18. Second, Haines divides the IBT listings into the categories of residential or non-residential. This determination is made pursuant to the subjective judgment of the Haines staff, based upon training provided by Haines. McGeorge Dep. at 37-38. For example, Haines would designate an address at a downtown office building as a business listing. *Id.* Third, some of the IBT listings are duplicates, appearing in both the IBT city and suburban directories. Haines uses only one such listing and does not repeat the duplication. *Id.* at 115-116. Fourth, every Haines directory approximately encompasses the listings contained in one to five of the IBT directories because of differences in the geographic compilation of the respective directories. *Id*; McGeorge Decl., ¶ 33. Fifth, unlike the IBT directories, the Haines directories include over 300,000 listings of addresses without names and/or telephone numbers. McGeorge Dep. at 97-98; McGeorge Decl., ¶ 28.

Although the Haines directories contain tables of demographic information, they are not relevant for purposes of this motion because IBT does not identify them as infringing upon IBT's copyrights.

Haines' Use of IBT's Directories

Haines began publishing Chicago-area directories in 1969. However, IBT objected to Haines' use of information from IBT's directories. Declaration of William K. Haines, Sr., ¶ 5 ("Haines Decl."). Therefore, from 1971 through 1980, the parties entered an agreement, renewed each year, for IBT's provision to Haines of pre-publication advance listings in IBT's Chicago-area directories at a certain cost per listing. Haines Decl., ¶¶ 5, 6; Exhibit 1, "License Agreement."

Under the agreement, IBT provided Haines with "signature copies" of its directories received from the printer prior to public distribution. Haines Decl., Exhibit 1, ¶ 3. Haines personnel compared the IBT listings contained in the signature copies with Haines' listings. Deposition of James A McGeorge ("McGeorge Dep."), p. 24. Through this process, Haines identified listings that IBT had added, altered or deleted since its last annual directories. *Id.* at 25. The Haines staff underlined in red on the signature copies all IBT listings that differed from Haines' prior listings, including the additional listings. *Id.* at 29-31. Next, the Haines data entry department logged the red-lined IBT listings into the Haines data system. *Id.* at 34-35. Haines' proofreaders then compared the data entries to the red-lined listings, checking for inaccuracies. *Id.* at 39.

Each year in which the parties renewed their agreement, IBT billed Haines for every listing contained in IBT's signature copies and not merely for new or changed listings. McGeorge Dep. at 86; Declaration of Roger McDowall, IBT Directory Manager, ¶¶ 4, 5 ("McDowall Decl."). Haines chose not to renew the agreement after 1980. However, Haines utilized IBT's listings in the same manner both during and after termination of the agreement. McGeorge Dep., pp. 62-63. During the course of the agreement, Haines obtained IBT's listings from the signature copies; subsequently, Haines made its comparisons against IBT's published directories. *Id.* at 54, 62-64.

IBT's Claims

IBT alleges that ten editions of the Haines directories published in 1983 and 1984 infringe the copyrights of 34 IBT directories. (The pertinent directories of each party cover lisings for the greater Chicago metropolitan area.) Specifically, IBT claims that:

> In preparing and publishing the Haines directories, defendants infringed by copying from the Illinois Bell directories the individual listings contained therein.

Complaint, ¶ 12. Further, IBT alleges that numerous fictitious listings which IBT placed in its own directories are replicated in the Haines directories. Complaint, ¶ 11; Exhibit "C." A list of the registration number of the certificates of registration issued by the Registrar of Copyrights for each relevant IBT directory, and the effective dates of registration, is appended to the complaint as Exhibit A. The certificates of registration comprise Exhibit B. IBT requests both injunctive and monetary relief.

Motion to Dismiss

Haines initially brings a motion to dismiss, arguing that IBT has not stated a cause of action for copyright infringement because it failed to allege substantial similarity between the infringing directories and IBT's copyrighted directories. Also, Haines contends that IBT failed to allege copying of protectible facts in its copyrighted directories.

The court notes that to defeat a motion to dismiss, a complaint "must state either direct or inferential allegations concerning all of the material elements necessary for recovery under the relevant legal theory." *Carl Sandburg Village Condominium Ass'n. No. 1* v. *First Condominium Development Co.*, 758 F.2d 203, 207 (7th cir. 1985). To establish copyright infringement, a plaintiff must prove ownership of a valid copyright and that the defendant copied plaintiff's work. *Atari, Inc.* v. *North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 614 (7th Cir. 1982), *cert. denied*, 459 U.S. 880.

Ownership Element

The court initially will address Haines' argument concerning the first element, ownership of a valid copyright. Haines contests the sufficiency of IBT's allegations by contending that IBT claims infringement of unprotectible facts. Haines does not, however, claim that IBT lacks copyrights in its directories. In fact, IBT attached to its complaint copies of the certificates of registration for each of the pertinent directories. Complaint, Exhibit B. This evidence accords IBT a prima facie presumption of copyright validity and ownership. *Rural Telephone Service Co.* v. *Feist Publications, Inc.*, 663 F.Supp. 214, 217 (D. Kan. 1987). Moreover, the "white pages" of telephone books are copyrightable compilations under 17 U.S.C. §§102 and 103. *Rural Telephone, supra*, at 218 (cites omitted); *see also Farmers Independent Telephone Co.* v. *Thorman*, 648 F.Supp 457, 459 (W.D. Wis. 1986). Accordingly, IBT has shown that its directories have valid copyrights.

Nonetheless, Haines contends that IBT's copyrights extend only to the "arrangement" of the information in the directories, as opposed to individual facts comprising the listings. 17 U.S.C. §103(b) provides that the copyright in a compilation "extends only to the material contributed by the author of such work, as distinguished from any preexisting material employed in such work." In its complaint, IBT states that Haines "infringed by copying from the Illinois Bell directories the *individual listings* contained therein." Complaint at ¶12 (emphasis added). The composition of an individual listing is readily apparent by reference to Exhibit "C" of the complaint, which compares individual listings of the IBT and Haines directories.[1] An IBT listing is comprised of an individual's last name, followed by the full, abbreviated, or initialed first name and/or a middle initial, followed by the street address which may or may not be in abbreviated form, and the seven-digit telephone number. Some listed names are capitalized, but that is irrelevant for purposes of this motion.

In this circuit, IBT's listings are protectible, copyrighted material. *Schroeder* v. *William Morrow & Co.*, 566 F.2d 3 (7th Cir. 1977) (defendants infringed the plaintiff's copyright even though they

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[1] The fact that some of these listings are fictional does not bear on this analysis.

copied only the names and addresses, but not the other information, in plaintiff's compilation). The court reached this conclusion despite finding that the individual names and addresses were in the public domain and not copyrightable, explaining:

> Another is entitled to make his own compilation of the same names and addresses, using information in the public domain, but he is not entitled merely to copy the copyrighted list. *G. R. Leonard & Co.* v. *Stack*, 386 F.2d 38, 39 (7th Cir. 1967).

Schroeder, supra, 566 F.2d at 5-6.

The Seventh Circuit reaffirmed the *Schroeder* result in *Rockford Map Publishers, Inc.* v. *Directory Service Co. of Colorado, Inc.*, "68 F.2d 145 (1985), *cert. denied*, 474 U.S. 1061. The *Rockford Map* court found that the defendant map publisher impermissibly avoided the task of searching for property deed descriptions on file in the local recorder's office. Skipping that step, the defendant took its boundary information from plaintiff's copyrighted topographical plat maps. The court held that the defendant committed an infringement by obtaining those facts from the plaintiff's maps, even though the defendant had edited and changed the material to create a different map. *Id.* at 149-150.

Haines attempts to impose a different interpretation upon the Seventh Circuit's holdings by contending that a case integral to the court's reasoning in these cases has been reversed. That case, *Leon* v. *Pacific Telephone & Telegraph Co.*, 91 F.2d 484 (9th Cir. 1937), served as authority for the *Schroeder* court in finding that a compilation of names and addresses in the public domain is copyrightable. *Schroeder, supra*, 566 F.2d at 5. In *Leon*, the court upheld a finding of copyright infringement in favor of a publisher of an alphabetical telephone directory, where the defendant had rearranged in numerical form the information in the plaintiff's directory. *Leon* relied in part upon the "industrious collection" theory that compels a finding of infringement when a compiler of facts takes that information from a plaintiff's copyrighted compilation, thus avoiding the expenditure of effort undertaken by plaintiff to obtain those facts originally. The Ninth Circuit later rejected the *Leon* court's reasoning "to the extent that *Leon* suggests that research or labor is protectible . . . " *Worth* v. *Selchow & Righter Co.*, 827 F.2d 569, 573 (1987). *Leon* was not overturned; rather, it is

still good law, at least to the extent that telephone directories are copyrightable.

Worth does not dictate a reassessment of *Rockford Map*. While the *Rockford Map* court rejected the theory that a finding of infringement of a copyrighted compilation may be predicated upon the amount of time or expense undertaken by a plaintiff to gather the information, the court followed *Jewelers' Circular Pub. Co.* v. *Keystone Pub. Co.*, 274 Fed. 932 (S.D. N.Y. 1921), *aff'd*, 281 Fed. 83 (2d Cir.) *cert. denied*, 259 U.S. 581 (1922) (a second compiler must independently assemble his information and only then may use the original compilation to check for error). *Rockford Map*, 768 F.2d at 149, *citing Jewelers' Circular*, 274 F. at 935. In reaching this conclusion, the Seventh Circuit had access to the same authority that the Ninth Circuit used in *Worth* to reject the suggestion that research alone is protectible under the copyright laws: *Landsberg* v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485 (9th Cir.), *cert. denied*, 469 U.S. 1037 (1984); *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980); *Miller* v. *Universal City Studios, Inc.*, 650 F.2d 1365 (5th Cir. 1981); *Rosemont Enterprises, Inc.* v. *Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967).

In *Rand McNally & Co.* v. *Fleet Management Systems, Inc.*, 634 F.Supp. 604, 608 (N.D. Ill. 1986), it was observed that the *Rockford Map* court:

> . . . . did not repudiate (the Seventh Circuit's) earlier authority for copyright protection of factual compilations, and gave no express indications that it intended henceforth to follow the more restrictive authority of the second or fifth circuits.

Accordingly, IBT's allegation concerning infringement of its individual listings does not fail for want of alleging protectible facts. Except for secondary checking of error, *Rockford Map* protects a plaintiff compiler's copyright for even those facts that the plaintiff gathered from the public domain. IBT has sufficiently alleged a valid copyright in its listings.

Copying Element

Haines asserts that IBT failed to allege a substantial similarity between the copyrighted and infringing works. However, the copying element may be satisfied by direct evidence of copying. *Atari, supra,* 672 F.2d at 614; *accord Southern Bell Telephone & Telegraph Co.* v. *Associated Directory Publishers,* 756 F.2d 801, 810 (11th Cir. 1985). As to substantial similarity, the *Atari* court noted that:

> Because direct evidence of copying often is unavailable, copying may be inferred where the defendant had access to the copyrighted work and the accused work is substantially similar to the copyrighted work.

Atari, supra, 672 F.2d at 614. The plain meaning of *Atari* is that the "substantial similarity" inquiry is employed only when there is no direct evidence of copying. *Rural Telephone Service Co.*v. *Feist Publications, Inc.,* 663 F. Supp. 214, 218 (D. Kan. 1987). Copying may be evidenced by the duplication of errors. *Id.* (citations omitted). Because IBT alleges that Haines copies by replicating IBT's fictitious listings (Complaint at ¶ 11; Exhibit C), IBT has sufficiently shown the second element of infringement for purposes of this motion. As a result, Haines' motion to dismiss the complaint for failure to state a cause of action is denied.

Cross-Motions for Partial Summary Judgment

Summary judgment should be granted pursuant to Rule 56 of the Federal Rules of Civil Procedure where the evidence is so one-sided that no genuine issue of material fact exists; one party must prevail as a matter of law. *See Anderson* v. *Liberty Lobby, Inc.,* ___ U.S. ___, 106 S.Ct. 2505, 2516 (1986). Moreover, the substantive law identifies facts that are material. Irrelevant facts will not be counted for purposes of the motion. *Id.* at 2510. The court must determine whether there is sufficient evidence to support a directed verdict for IBT. *Id.* at 2511-2512.

As discussed above, IBT has a valid copyright in its telephone directories. Duplication of errors provides significant evidence of copying. *Rural Telephone, supra,* 663 F.Supp. at 218. IBT alleged that it used a number of fictitious listings that Haines duplicated in

its own directories. Complaint at ¶ 11; Exhibit C. IBT also submitted an affidavit demonstrating that 10 of the 12 fictitious listings appearing the 1982 IBT directory for Chicago also appeared in the comparable 1983 Haines directory. Further, 13 of the 14 fictitious listings in the 1983 IBT Chicago directory appeared in the 1984 Haines Chicago directory. McDowall Decl., ¶ 8. Nonetheless, this uncontroverted evidence, standing alone, does not compel a finding in favor of IBT.

Direct evidence of copying exists here: Haines admits copying occurred. As described above, the Haines staff annually identified new, deleted and altered names, addresses and telephone numbers by making a direct comparison of the IBT signature copies with Haines' listings. McGeorge Dep., pp. 23-24, 140. The Haines data entry staff then entered this IBT information into the Haines system.[2]

Yet, Haines asserts that it does not copy IBT's listings because Haines alters the listings, not only by changing the order in which name, address and telephone number are presented, but also by delineating non-residential listings in bold type, adding other data, editing when verification identifies errors, and merging the IBT directories into fewer directories. Haines additionally distinguishes its directories by noting that they perform different functions. IBT concedes that a consumer looking up a telephone number could not easily locate it in a non-alphabetical Haines directory. Winton Dep., p. 172. However, in this circuit, a claim of copyright infringement involving a compilation does not require identical copying. *Schroeder, supra,* 566 F.2d at 6; *see also Rural Telephone, supra,* 663 F.Supp. at 219 (defendant infringed even though he later verified the material); *United Telephone, supra,* 671 F.Supp. at 1522. Therefore, the court holds that Haines copied from IBT's directories.

In order to prevail on a copyright claim, it is not enough to say that the defendant copied. The copying also must be infringing, in that it was done to an unfair extent. *G. R. Leonard & Co.* v. *Stack,* 386 F.2d 38, 39-40 (7th Cir. 1967). On this issue, a defendant may

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[2] The parties do not identify the exact nature of the system, although Haines indicates it may have used either a keypunch or computer system, depending upon the year at issue. McGeorge Dep., p. 39. The nature of the system is not relevant here.

assert the common law fair use defense. *United Telephone Co. of Missouri* v. *Johnson Publishing Co., Inc.*, 671 F.Supp. 1514, 1522-1523 (W.D. Miss. 1987), *appeal docketed*, No. 87-2481, *consol. with* No. 87-2571 (8th Cir. 1987). When a defendant fails to start with his own independent canvass and instead starts with plaintiff's copyrighted information, however, this defense is unavailable. *G. R. Leonard, supra*, 386 F.2d at 39; *accord Rural Telephone, supra*, 663 F.Supp. at 219; *United Telephone, supra*, 671 F.Supp. at 1523. Haines' own admissions thus preclude its resort to this defense. Haines cannot establish that its own directories are the primary source for the listings because only by comparison with prior directories does it ascertain that an IBT listing is new, deleted or changed.

Haines offers an additional argument to support its contention that use of IBT's listings is not infringing. Haines claims that its only alternative to taking IBT's data is to expend time and resources to repeat IBT's efforts in obtaining the listings, and that basic copying principles would not require this. Haines relies upon *Rosemont Enterprises, Inc.* v. *Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967), where the court stated:

> We . . . cannot subscribe to the view that an author is absolutely precluded from saving time and effort by referring to and relying upon prior published material. . . . It is just such wasted effort that the proscription against the copying of ideas and facts, and to a lesser extent the privilege of fair use, are designed to prevent.

Rosemont at 310; *accord Worth, supra*. 827 F.2d at 574 (9th Cir. 1987). However, as discussed above with respect to the motion to dismiss, the Seventh Circuit firmly holds that a compiler commits copyright infringement if he copies the original compiler's information without conducting an independent canvass. Therefore, Haines' arguments against a finding of infringement are unavailing.

CONCLUSION

IBT has alleged the elements necessary to support its copying infringement claim. The court therefore denies Haines' motion to dismiss. Drawing all inferences in its favor, Haines has not shown

the existence of any genuine issue of material fact. The uncontroverted record establishes IBT's infringement claim as a matter of law. The court therefore denies Haines' motion for partial summary judgment and grants IBT's motion for partial summary judgment on the issue of liability.

ENTER:

SUZANNE B. CONLON
United States District Judge

DATED: April 13, 1988

United States Court of Appeals

For the Seventh Circuit

Chicago, Illinois 60604

August 6, 1990

Before

HON. JOEL M. FLAUM, *Circuit Judge*
HON. MICHAEL S. KANNE, *Circuit Judge*
HON. JAMES E. NOLAND, *Senior District Judge**

ILLINOIS BELL TELEPHONE COMPANY,

Plaintiff-Appellee,

vs.

No. 89-2207

HAINES AND COMPANY, INC., HAINES CRISS + CROSS PUBLISHERS, INC., WILLIAM K. HAINES, SR., AND WILLIAM K. HAINES, JR.,

Defendants-Appellants.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

No. 85 C 07644

SUZANNE B. CONLON, *Judge.*

ORDER

This matter comes before the court for its consideration of the "PETITION FOR ALLOWANCE OF ATTORNEYS' FEES ON APPEAL" and the "PETITION FOR REHEARING, WITH SUGGESTION FOR REHEARING EN BANC".

No judge in active service has requested a vote on the petition for rehearing, and all of the judges on the original panel have voted to deny a rehearing.

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*The Honorable James E. Noland, Senior District Judge for the Southern District of Indiana, is sitting by designation.

On consideration of the petition for attorneys' fees on appeal, the action is remanded to the district court for its consideration of Appellee's statement of Attorneys' fees on appeal and appellants' opposition to appellee's request for attorneys' fees as well as any other proof necessary for its decision. Accordingly,

IT IS ORDERED that the petition for rehearing be, and the same is hereby, DENIED and the petition for attorneys' fees is REMANDED to the district court for disposition.

Supreme Court, U.S.
FILED
DEC 3 1990
JOSEPH F. SPANIOL, JR.
CLERK

No. 90-731

In the Supreme Court of the United States

OCTOBER TERM, 1990

HAINES AND COMPANY INC., ET AL., PETITIONERS

v.

ILLINOIS BELL TELEPHONE COMPANY, RESPONDENT

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF FOR THE RESPONDENT

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QUESTION PRESENTED

Whether wholesale appropriation of data from a copyrighted directory for use in the preparation of another directory is precluded by the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*

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In the Supreme Court of the United States

OCTOBER TERM, 1990

No. 90-731

HAINES AND COMPANY INC., ET AL., PETITIONERS

v.

ILLINOIS BELL TELEPHONE COMPANY, RESPONDENT

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF FOR THE RESPONDENT

STATEMENT

1. Respondent is a public utility that provides telephone service. In the course of its business and pursuant to state law, respondent produces and distributes telephone directories. In relevant part, these directories—the familiar telephone "white pages"—contain alphabetically arranged listings of respondent's customers, along with their addresses and telephone numbers. Pet. App. 16a. Each of the directories was registered with the Copyright Office. *Id.* at 19a.

Petitioner publishes directories that contain much of the same information, although arranged in a different format. Insofar as is relevant here, petitioner's directories contain a so-called "Addressakey" listing, in which names, telephone numbers, and cer-

tain other information are arranged by address. Pet. App. 16a-17a. The directories also contain a "Telokey" listing, in which the same information, broken down geographically, is arranged in the ascending numerical order of the telephone numbers. *Id.* at 17a.

From 1971 through 1980 petitioner purchased the right to use respondent's white pages in the preparation of its directories. Under this arrangement, respondent provided petitioner with advance copies of the white pages. Petitioner would identify the new white pages listings and insert them in the next edition of its own directories. In 1982, however, petitioner chose not to renew the licensing agreement. Instead, it took published copies of respondent's white pages and used them in the same manner that it had used the advance copies obtained prior to 1980. Petitioner did not verify the new listings before placing them in its own directories; as a consequence, 10 of 12 fictitious listings placed in the 1982 white pages, and 13 of 14 fictitious listings placed in the 1983 white pages, appeared in petitioner's directories. Pet. App. 2a-3a; 18a-19a.

2. Respondent then brought this action, asserting that 10 editions of petitioner's 1982 and 1983 directories infringed the copyright in 34 of respondent's directories.[1] Pet. App. 19a. The district court ruled for respondent. *Id.* at 15a-26a. The court first found that "the 'white pages' of telephone books are copyrightable compilations under 17 U.S.C. §§ 102 and

[1] Petitioner asserted a counterclaim, alleging Sherman Act violations on the part of respondent. See Pet. App. 7a. The district court dismissed the counterclaim; that ruling was upheld on appeal. *Id.* at 7a-11a. Petitioner has not sought review of that aspect of the decision below.

103." Pet. App. 20a. Relying on *Schroeder* v. *William Morrow & Co.*, 566 F.2d 3 (7th Cir. 1977), the court explained that " '[a]nother is entitled to make his own compilation of the same names and addresses, using information in the public domain, but he is not entitled merely to copy the copyrighted list.' " Pet. App. 21a (quoting *Schroeder*, 566 F.2d at 5-6). With this in mind, the court held that petitioner infringed respondent's copyright because "[d]irect evidence of copying exists here: [petitioner] admits copying occurred." Pet. App. 24a. The court added that petitioner could not rely on a defense of fair use because "[w]hen a defendant fails to start with his own independent canvass and instead starts with plaintiff's copyrighted information, * * * this defense is unavailable." *Id.* at 25a.

The court of appeals affirmed. Pet. App. 1a-14a. The court agreed that respondent's directory was subject to copyright, noting that this Court had cited *Schroeder* for the proposition that " 'a compilation of pure fact[] entails originality.' " Pet. App. 5a (quoting *Harper & Row, Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 547 (1985)). Responding to petitioner's complaint that its directories were not "substantially similar" to respondent's, the court added that "[e]stablishing substantial similarity is necessary only when direct evidence of copying is unavailable. Here there is direct evidence of copying, i.e., [petitioner's] admitted use of the information in [respondent's] directories to create its directory, and therefore, proof of substantial similarity is not required." Pet. App. 7a (citation omitted).

DISCUSSION

We agree that it would be appropriate to hold the petition in this case pending the decision in *Feist Publications, Inc.* v. *Rural Telephone Service Co.*, No. 89-1909, scheduled to be argued on January 9, 1991. There are significant differences between the issues in the two cases: the petitioner in *Feist* principally argues that telephone directories are not subject to copyright at all, while petitioner here evidently concedes copyrightability; the *Feist* petitioner asserts a fair use defense, while petitioner here does not. Petitioners in both cases do argue, however, that copyright in a directory protects only the arrangement of the listings. The decision in *Feist* accordingly may have some bearing on the claim here.

Having said that, two additional points merit emphasis. First, petitioner's claim here is, in one significant respect, weaker than the claim of petitioner in *Feist*. Second, apart from the question already presented in *Feist*, none of the issues raised by petitioner here warrants consideration by this Court. If the petition is held, both of those points should be borne in mind when this petition is considered again in light of the disposition of *Feist*.

1. The petitioners both in this case and in *Feist* copied a substantial portion of their listings from copyrighted directories. The *Feist* petitioner, however, independently verified the accuracy of those listings before printing them in its directory; petitioner here did not. While we do not believe that such verification vitiates the infringement when data is copied wholesale from a copyrighted directory, there is some (very old) authority suggesting that copying in such circumstances is a permissible practice. See

Squires, *Copyright and Compilations in the Computer Era: Old Wine in New Bottles*, 24 Bull. Copyright Soc. 18, 28 n.41 (1976); Lurvey, *"Verifying" From Prior Directories—"Fair Use" or Theft?*, 13 Bull. Copyright Soc. 271 (1966). But we are not aware of any decision approving the wholesale appropriation of directory listings without such verification. Even if the petitioner in *Feist* prevails, then, the outcome there might not affect this case.

2. Petitioner raises a number of issues that it contends merit this Court's consideration. None does.

a. Petitioner asserts (Pet. 13-15) that this case warrants review apart from *Feist* because the factual settings of the cases differ; *Feist* involves competing directories while this one does not. Even if petitioner's characterization of the facts is correct, however, it is beside the point here. The purpose of the infringing work never has been deemed relevant to the scope of the basic protections accorded a copyrighted work. That necessarily is so; it is difficult to see how an infringer's lack of a competitive purpose could bear on the legal question whether copyright protection in a compilation extends only to the particular arrangement of its listings. In fact, the purpose to which the material taken from a copyrighted work will be put—in particular, the effect on the market for the copyrighted work—is considered under the rubric of fair use as a defense to what otherwise would be unlawful copying. See generally *Harper & Row, supra;* 3 M. & D. Nimmer, *Nimmer on Copyright* § 13.05 (1990). But petitioner did not assert fair use as a defense before the court of appeals, and does not advance a fair use contention in its petition. Review of its claim here accordingly is inappropriate.

b. Petitioner asserts (Pet. 16-19) a conflict between the holding below and decisions of the Second, Fifth, and Ninth Circuits on the scope of copyright protections for compilations of data. There is no merit in this contention. In fact, we are not aware of any decision of any court that has sanctioned the wholesale appropriation of data from a compilation.

Needless to say, we agree with petitioner's statement that facts are not subject to copyright. But courts long have accorded extensive copyright protection to compilations of data. Before enactment of the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*, courts consistently held that the wholesale appropriation of data from a copyrighted directory infringed the copyright, even if the data were rearranged by the infringer. Indeed, in the leading case from that period, the copyrighted work was an alphabetical white pages directory; the Ninth Circuit upheld the copyright holder's infringement claim when the listings were repackaged as a so-called "criss-cross" directory similar to petitioner's. *Leon* v. *Pacific Tel. & Tel. Co.*, 91 F.2d 484, 485 (9th Cir. 1937). Congress expressly endorsed the then-existing standards on the scope of copyright protection, such as those applied in *Leon*, when it enacted the Copyright Act. See H.R. Rep. No. 1476, 94th Cong., 2d Sess. 51 (1976); S. Rep. No. 473, 94th Cong., 1st Sess. 50 (1975). See *Hutchinson Tel. Co.* v. *Fronteer Directory Co.*, 770 F.2d 128, 131 (8th Cir. 1985) (Congress "ratif[ied] an unbroken line of cases").

These decisions did not hold facts as such to be copyrightable. Instead, they reasoned that the compiler's original—and therefore copyrightable—contribution was his collection and coordination of a mass of data. As a consequence, wholesale appropriation

of that data was understood to infringe the compiler's copyright.

The decisions cited by petitioner are wholly consistent with this understanding. Of the Second Circuit cases relied upon by petitioner (Pet. 18-19 & n.6), three involved factual narratives rather than compilations and therefore are not relevant here;[2] the other two (neither of which involved a telephone directory) expressly left open the possibility that "wholesale appropriation" of data from a compilation would amount to infringement. *Eckes* v. *Card Prices Update*, 736 F.2d 859, 862 (2d Cir. 1984); *Financial Information, Inc.* v. *Moody's Investors Service, Inc.*, 808 F.2d 204, 207 n.1 (2d Cir. 1986), cert. denied, 848 U.S. 820 (1987).[3] The Fifth Circuit decision relied upon by petitioner (Pet. 17) also involved a narrative rather than a compilation; far from supporting petitioner's position, it noted "the special protection granted directories under the copyright law." *Miller* v. *Universal City Studios, Inc.*, 650 F.2d 1365, 1370 (5th Cir. 1981).[4] And the Ninth Circuit, while

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[2] *Walker* v. *Time Life Films, Inc.*, 784 F.2d 44, 49 (2d Cir.), cert. denied, 476 U.S. 1159 (1986); *Hoehling* v *Universal City Studies, Inc.*, 618 F.2d 972, 978-979 (2d Cir.), cert. denied, 449 U.S. 841 (1980); *Rosemont Enterprises, Inc.* v. *Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), cert. denied, 385 U.S. 1009 (1967).

[3] Indeed, the plaintiff's work in *Financial Information* was held to be not copyrightable at all. 808 F.2d at 208. As petitioner does not deny the copyrightability of respondent's directory, the holding in *Financial Information* is of no relevance here.

[4] While *Southern Bell Tel. & Tel. Co.* v. *Associated Tel. Directory Publishers*, 756 F.2d 801, 810 (11th Cir. 1985), has language suggesting that only the form of a directory

questioning some of the language in *Leon*, never has overruled that decision; to the contrary, that court also has recognized that special rules apply in cases involving "infringement of one directory by another." *Worth* v. *Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987), cert. denied, 485 U.S. 977 (1988).[5] Petitioner's assertion of a conflict (to the extent that it survives *Feist*) accordingly does not warrant review.

c. Petitioner's similar assertion (Pet. 19-21) of tension between the decision below and this Court's holding in *Harper & Row*, *supra*, is similarly without foundation. The Court in *Harper & Row* did indicate, of course, that particular facts may not be copyrighted. But the Court did not suggest that one may copy at will from a factual publication. The Court recognized—and did not resolve—confusion in the lower courts over the extent of copyright "in the realm of factual narrative." 471 U.S. at 548.[6] And as the court of appeals observed (Pet. App. 5a), the

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is protected, the court in fact found infringement. See *id.* at 811 & 809-810 n.9.

[5] The other Ninth Circuit decisions cited by petitioner (Pet. 16-17) also did not involve directories. *Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 198-199 (9th Cir. 1989) (time organizer); *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 491-492 (9th Cir. 1985) (catalog); *Landsberg* v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 486 (9th Cir.) (Scrabble strategy book), cert. denied, 469 U.S. 1037 (1984). The same is true of the Third Circuit decision cited (Pet. 17-18) by petitioner. *Universal Athletic Sales Co.* v. *Salkeld*, 511 F.2d 904, 907-909 (3d Cir.) (exercise chart), cert. denied, 423 U.S. 863 (1975).

[6] As this case does not involve a factual narrative, it is not a suitable vehicle for settling that controversy.

Court in *Harper & Row* noted the availability of copyright in "a compilation of pure fact." 471 U.S. at 547. The Court cited for that proposition *Schroeder*, the decision relied upon by the court below. *Id.* It is worth adding that *Schroeder* involved a situation very much like the one in this case: the court found infringement when listings from a gardening directory were edited and placed in a volume with a different format. See 566 F.2d at 4-5. Against this background, nothing in *Harper & Row* is inconsistent with the decision below.

d. Finally, petitioner asserts that the decision below conflicts with holdings of other courts assertedly requiring the plaintiff in a copyright infringement action to prove *both* copying of the copyrighted work and substantial similarity between the copyrighted and infringing works. Pet. 21-24. In fact, other courts have no such rule. As the late Professor Nimmer explained, "[r]educed to most fundamental terms, there are only two elements necessary to the plaintiff's case in an infringement action: ownership of the copyright by the plaintiff and copying by the defendant." 3 M. & D. Nimmer, *supra*, § 13.01, at 13-4 (footnotes omitted). Substantial similarity between the works is simply one way of proving copying. "It is generally not possible to establish copying by direct evidence * * *. Therefore copying is ordinarily established indirectly by the plaintiff's proof of access [to the copyrighted work by the defendant] and substantial similarity." *Id.* § 13.01[B], at 13-7 to 13-8 (footnotes omitted).

The decisions cited by petitioner recognize this rule. See, *e.g.*, *United Tel. Co.* v. *Johnson Publishing Co.*, 855 F.2d 604, 607 (8th Cir. 1988); *Walker*, 784 F.2d at 48; *Sid & Marty Krofft Television Produc-*

tions, Inc. v. *McDonald's Corp.*, 562 F.2d 1157, 1162 (9th Cir. 1977). These courts have suggested that proof of copying is not enough to establish infringement only when the thing copied is not *itself* copyrightable. As the Second Circuit explained,

> [c]opying may be inferred where a plaintiff establishes that the defendant had access to the copyrighted work and that substantial similarities exist as to protectible material in the two works. Put another way, [the plaintiff] must show that his book was "copied," by proving access and substantial similarity between the works, and also show that his expression was "improperly appropriated," by proving that the similarities relate to copyrightable material.

Walker, 784 F.2d at 48 (citations omitted). That is the distinction drawn in each of the cases cited by petitioner.[7]

The Seventh Circuit follows an identical rule—as is suggested by petitioner's citation to two decisions of that court. See Pet. 22-23 (citing *Evans Newton Inc.* v. *Chicago Systems Software*, 793 F.2d 889, 893 (7th Cir.), cert. denied, 479 U.S. 949 (1986)); Pet. 23 n.9 (citing *Atari, Inc.* v. *North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 615 (7th Cir.), cert. denied, 459 U.S. 880 (1982)). In this case, the court below held that the wholesale appropriation of data from a compilation takes copyrightable matter. And because copying here was admitted, the court concluded that there was no need for it to

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[7] See *Harper House*, 889 F.2d at 207-208; *Walker*, 784 F.2d at 48; *Cooling Systems*, 777 F.2d at 491-492; *Hoehling*, 618 F.2d at 977; *Sid & Marty Krofft Television Productions*, 562 F.2d at 1162, 1165; *Universal Athletic Sales*, 511 F.2d at 908. Cf. *United Tel. Co.*, 855 F.2d at 607-608.

inquire further. If the court of appeals is correct in its analysis of the scope of copyright protection accorded directories, nothing in its holding conflicts with the decisions of other courts regarding the relationship between copying and substantial similarity.

CONCLUSION

The petition for a writ of certiorari should be held pending disposition of *Feist Publications, Inc.* v. *Rural Telephone Service Co.*, No. 89-1909.

Respectfully submitted.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

HAINES AND COMPANY, INC.,
HAINES CRISS + CROSS PUBLISHERS, INC.
WILLIAM K. HAINES, SR., and
WILLIAM K. HAINES, JR.,
Petitioners,

v.

ILLINOIS BELL TELEPHONE COMPANY,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF OF THE INTERNATIONAL ASSOCIATION OF CROSS REFERENCE DIRECTORY PUBLISHERS AS *AMICUS CURIAE* IN SUPPORT OF PETITIONERS HAINES AND COMPANY, INC. ET AL

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QUESTIONS PRESENTED

1. Does the Copyright Act preclude the use of a copyrighted alphabetical telephone directory as one source for names, addresses and phone numbers for a noncompeting cross-reference directory?

2. Where the act of copying from a copyrighted factual compilation is proven, must substantial similarity of the expression of those compiled facts, i.e., the selection, coordination and arrangement thereof, also be proven to establish infringement of the copyright?

3. Does the absence of substantial similarity in expression between a copyrighted alphabetical telephone directory and a noncompeting cross-reference directory preclude a finding that the cross-reference directory infringes the copyright in the alphabetical telephone directory?

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BRIEF OF THE INTERNATIONAL ASSOCIATION OF CROSS REFERENCE DIRECTORY PUBLISHERS AS *AMICUS CURIAE* IN SUPPORT OF PETITIONERS HAINES AND COMPANY, INC. ET AL

INTEREST OF THE *AMICUS CURIAE*[1]

The International Association of Cross Reference Directory Publishers ("IACRDP") is a trade association of eleven independent publishers of "cross-reference" directories, one of which is Petitioner Haines and Company, Inc. As explained below, cross-reference directories are not substitutes for, or competitive with, alphabetical telephone directories published by telephone companies such as Respondent Illinois Bell Telephone Company ("Illinois Bell") and by independent telephone directory publishers.

[1] The written consents of Petitioner and Respondent to the filing of this brief have been filed with the Clerk of the Court.

The decision of the lower courts that Illinois Bell's copyright in an alphabetical telephone directory was infringed by Petitioner Haines' cross-reference directory, notwithstanding substantial differences in the form of expression of the public domain facts used in the respective directories, is therefore of vital concern to the members of *amicus* IACRDP. This issue is equally of concern to publishers of other types of directories who utilize copyrighted compilations of unprotectable public domain facts as a source of information to prepare non-competing works which fulfill needs which the prior copyrighted work cannot satisfy.

The present case presents similar but broader legal and policy issues to those which this Court will address in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, No. 89-1909, wherein *certiorari* was granted October 1, 1990. There, the issue is whether a copyright in an alphabetical telephone directory prevents "access to that directory as a source of names and numbers to compile a *competing* directory" (emphasis added). Here, the noncompeting and functionally dissimilar nature of Petitioner's cross-reference directories demonstrates more starkly that the analyses of the lower courts both here and in *Feist* were inconsistent with the copyright statute, its legislative history, precedents of this Court and public policy.

Approval by this Court of the infringement tests applied by the lower courts could be devastating to independent cross-reference directory publishers, as well as detrimental to the public interest. Even if the copyright owners elected to license these publishers rather than enforce their right to enjoin, the profit margins in the cross-reference directory industry would not support license fees at the level demanded, for example, by Illinois Bell. The phone companies would have a monopoly, resulting in higher prices in selected larger markets and no cross-reference directory service at all in most smaller markets.

The disappearance of these directories from smaller communities now served by independent cross reference directory publishers is likely because of the historic pattern of limited participation by the public telephone companies in the cross-

reference directory industry. The multi-state independent publishers can publish in the marginally profitable smaller communities because they maintain staffs large enough to handle the larger and more profitable jobs when required. The public telephone companies, however, which are confined to their own territories, are not likely to have staffs adequate for such tasks except in the larger metropolitan areas. The public benefit of access to such directories by emergency services, business and other public institutions in smaller communities would be lost.

Public telephone companies can legitimately claim no harm to their compilation efforts because they could, in proper circumstances, continue to enforce their rights against publishers of competing jointly bound white and yellow page directories. Such directories employ the alphabetical arrangement of the telephone companies' white pages, so that an infringement might be found if the overriding "substantial similarity" test were satisfied.

DESCRIPTION OF THE PRODUCTS OF THE *AMICUS CURIAE*

A. Cross-Reference Directories Employ An Entirely Different Form Of Expression Than That Found In Alphabetical Telephone Directories

To appreciate the extent and consequences of the erroneous infringement tests applied by the lower courts here and in *Feist*, it is useful to highlight the differences between the white pages section of a conventional alphabetically arranged telephone directory and a cross-reference directory. Cross-reference directories do not contain an alphabetically arranged list of telephone subscribers. Instead, they contain two basic sections: a street address section, which arranges the facts by *street address*, and a telephone numerical section, which arranges the facts by *phone number*. Exemplary excerpts from Petitioners' cross-reference directory are reproduced at pages 5-6 of their Petition.

These examples show that cross-reference directories do not and cannot compete with alphabetical telephone directories. An alphabetical directory cannot be used to learn the name of a person or business located at a known address, or to whom a known phone number belongs. Conversely, a cross-reference directory cannot be used to obtain an address or phone number of a known individual or business.

B. Cross-Reference Directories Perform Unique Functions

Cross-reference directories have been published for more than seventy years. At least 600 such directories are published annually by independent cross-reference directory publishers. Virtually every community with more than 20,000 businesses and households is served by these directories. The eleven IACRDP members publish directories serving forty-eight states, the District of Columbia, and three Canadian provinces.

Cross-reference directories contain no advertising. Distribution is too limited to offer any potential for advertising revenue. The costs of compilation and publication are borne by directory purchasers, typically $50 to $150 except for very large metropolitan areas where a multi-volume set may cost several hundred dollars.

Cross-reference directories are widely used by government, business and public service organizations. Major users include law enforcement agencies, fire departments, medical and emergency services, political campaigns, voter registration offices, religious organizations, charities, the media, businesses, attorneys, schools, salespeople, public utilities, banks, collection agencies and even Bell System telephone companies.

Smaller community emergency services must rely on their copy of a cross-reference directory to supplement the often incomplete location description supplied by the emergency caller. For small local businesses (e.g., realtors and household services), cross-reference directories provide an inexpensive way to target an audience in their own territory. Envelopes or flyers can be

addressed by a secretary, or occupants called directly on the telephone, without the expense of an advertising agency-prepared direct mail campaign. The consumer also benefits because the more efficiently targeted advertising costs less and results in lower prices of the goods or services advertised.

C. The Compilation Of A Cross-Reference Directory Involves Several Sources

A cross-reference directory is not merely the result of copying and rearranging the data from an alphabetical telephone directory. Many additional sources are required to produce a cross-reference directory. All street addresses, zip codes, business and residential notations, community names, neighborhood names, apartment notations, street corner designations, and length of occupation of an address are derived independently of any telephone directory.

Cross-reference directory publishers must and do use telephone directories as one of their research sources for their annual compilation process. There is no other source for names and telephone numbers. The only alternative to the use of alphabetical telephone directories would be a prohibitively expensive annual door-to-door canvass of the entire covered territory.

SUMMARY OF ARGUMENT

The Copyright Act authorizes copyrights for compilations of pre-existing facts only when they are "selected, coordinated or arranged in such a way that the resulting work as a whole constitutes an original work of authorship" (17 U.S.C. 101). The Act expressly precludes "any exclusive right in the pre-existing material" (17 U.S.C. 103b).

At issue here are copyrighted "white pages" telephone directories, wherein pre-existing facts are arranged as an alphabetical list of telephone subscribers, followed by their respective addresses and telephone numbers. The individual facts are not part of a confidential customer list of the telephone company; they are

in the public domain. The telephone companies are required by law to publish and distribute such facts to their customers.

Cross-reference directories, such as published by *amicus* IACRDP's members, arrange such facts in an entirely different way: (1) in numerical order by street address, and (2) in numerical order by telephone number. Thus, cross-reference directory publishers do not use the *expression* of those facts found in the telephone companies' white pages. They create independent works using "pre-existing material," as authorized by the Copyright Act.

The endorsement by the lower courts of the widely rejected "industrious collection" or "sweat of the brow" theory, by which Haines would be required to conduct its own canvass to compile the public domain facts contained in Illinois Bell's directory, ignores the second and third essential conjunctive elements for a copyrightable compilation. Not only must there be a collection and assembling of pre-existing data; there must also be a selection, coordination or arrangement which warrants the resulting work being considered "an original work of authorship" (15 USC 101). Without an *expression* of such data which satisfies those two statutory elements, a compilation is not copyrightable. The effort of the first compiler is not enough. Requiring the second compiler to conduct a canvass to assemble the same public domain facts is legally erroneous.

The Copyright Act, precedents of this Court and underlying public policy all require that copyrights in factual compilations such as alphabetical telephone directories be strictly confined to the minimally creative expression embodied in such alphabetical arrangement of the public domain facts, an expression not used in cross-reference directories.

The lower courts erred in omitting from the test of copyright infringement the determination of substantial similarity between the *expression* of the compiled facts (*i.e.*, the selection, coordination and arrangement thereof) employed in the copyrighted and accused works. Where the similarity is only in the uncopyright-

able facts, and not in the expression thereof, the similarity is not "substantial" and there is no infringement.

ARGUMENT

A. The Scope Of Copyright Protection In Factual Compilations Is Limited By Statute

The copyright law, like the patent law, finds its origin and purpose in the Constitutional grant to Congress of the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries" (U.S. Constitution, Art. I, §8).

The 1976 Copyright Act provides copyright protection for "original works of authorship" (17 U.S.C. 102a), including compilations, which the Act defines in this way:

> A "compilation" is a work formed by the collection and assembling of pre-existing materials or of data that are *selected, coordinated or arranged* in such a way that the resulting work as a whole constitutes an original work of authorship.

17 U.S.C. 101, emphasis added.

In addition to the requirement of originality, the Act contains two explicit restrictions on the scope of protection afforded by a copyright, the first general and the second specific to compilations:

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. 102b.

* * *

> The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the pre-existing material employed in the work, and does not imply any exclusive right in the pre-existing material. . .

17 U.S.C. 103b.

While compilations of fact are copyrightable (17 U.S.C. 101), the copyright does not extend to the facts disclosed. Only the expression of those facts is protected by the copyright (17 U.S.C. 102b, 103b). Where, as here, the compilation is a telephone directory, the pre-existing material or data which the statute explicitly excludes from protection are the individual listings of name, address and telephone number. The telephone companies, which typically obtain the data from their phone service customers when they apply for such service, are required by law to publish such data in an alphabetical directory.[2] The expression employed in a telephone directory is minimal: the selection process is virtually non-existent, because all numbers which the customers wish to be published are listed; the coordination and arrangement is the age-old and indispensable alphabetical arrangement.

The intent of the scope-restricting provisions of the Copyright Act is found in the language of the Senate Judiciary Committee Report:

> Copyright does not preclude others from using the ideas or information revealed by the author's work. It pertains to the literary, musical, graphic or artistic form in which the author expressed his intellectual concepts.

S. Rep. No. 94-473, p. 54 (1975) and H.R. Rep. No. 94-1476, pp. 56-57.

This distinction between unprotectable facts and protectable form or expression has been succinctly summarized by this Court:

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[2] Appendix to Petition, p.2a.

> [N]o author may copyright facts or ideas. §102. The copyright is limited to those aspects of the work —termed "expression"— that display the stamp of the author's originality.

Harper & Row, Publishers v. Nation Enterprises, 471 U.S. 531, 547 (1985).

The Court stated the corollary principle, i.e., the subsequent user's *right to copy facts,* this way:

> Yet copyright does not prevent subsequent users from copying from a prior author's work those constituent elements that are not original — for example, quotations borrowed under the rubric of fair use from other copyrighted works, *facts or materials in the public domain* — as long as such use does not unfairly appropriate the author's original contributions.

Id. at 548 (emphasis added).

Similarly, a subsequent author has "an unfettered right to use any factual information" revealed in a work. *Id.* at 557. The copyright statute thus reconciles the interests of the prior author with those of subsequent authors and the public.

A cross-reference directory does not copy the telephone company's "original contribution" or the "expression" (as this Court put it in *Harper & Row*), or the "form" (as the Senate Report put it), or the "select[ion], coordinat[ion] or arrange[ment]" (as 17 U.S.C. 101 puts it).

The *Constitutional* right to copy uncopyrightable material (here, the facts within the telephone directory listings) was recently reiterated by this Court. Quoting from *Compco Corp. v. Day-Brite Lighting,* 376 U.S. 234, 237 (1964), the Court again held that a state may not "interfere with the Federal policy, found in Art. I, §8, cl. 8, of the Constitution and in the implementing Federal statutes, of allowing free access to copy whatever the Federal patent and copyright laws leave in the public domain." *Bonito Boats v. Thunder Craft Boats,* 109 S. Ct. 971, 979 (1989).

B. The Effort of Collecting and Assembling The Compiled Facts Is Not Protectable By Copyright.

The conclusion of the Court of Appeals for the Seventh Circuit that Haines must conduct its own canvass to compile public domain facts contained in IBT's alphabetical directories[3] is contrary to the copyright statute and to the weight of modern cases and scholarly commentary.

By according protection for the compiler's "industrious collection" or "sweat of the brow", without consideration to whether Petitioner had copied any protectable expression which may exist in Respondent's copyrighted directories, the decision below disregarded and negated the statutory authority for copyrights in factual compilations. The "collection" step is only one of three conjunctive elements of the statutory definition of a copyrightable compilation. Reiterating that definition (with numbers added):

> A "compliation" is a work formed (1) by the *collection and assembling* of pre-existing materials or of data (2) that are *selected, coordinated or arrranged* in such a way (3) that the resulting work as a whole constitutes an *original work of authorship.*

17 USC 101, emphasis added.

Requiring Petitioner to conduct its own canvass before it can use the public domain facts and express them in its own distinctive arrangement further violates the statute's limiting directive that a copyright in a compilation "does not imply any exclusive right in the pre-existing material" (17 U.S.C. 103b). *See* discussion of §102b and 103b and this Court's *Harper & Row* decision at pp. 7-9, *supra,*).

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[3] The Court quoted with approval its own prior *Rockford Map* holding that, "Everyone must do the same basic work, the same industrious collection." Appendix to the Petition herein, p. 6a.

The *Leon* case,[4] formerly cited as support for the widely discredited "sweat of the brow" or "industrious collection" theory, has been rejected by a more recent panel of the Court which authored it:

> In addition, to the extent *Leon* suggests that research or labor is protectable, later cases have rejected that theory [citations omitted].

Worth v. Selchow & Righter Co., 827 F.2d 569, 573 (9th Cir. 1987).

Quoting a Second Circuit opinion[5], the Court continued:

> We . . . cannot subscribe to the view that an author is absolutely precluded from saving time and effort by referring to and relying upon prior published material . . . It is just such wasted effort that the proscription against the copyright of ideas and facts, and to a lesser extent the privilege of fair use, are designed to prevent.

Ibid. See also, Narell v. Freeman, 872 F.2d 907 (9th Cir. 1989).

Other Courts of Appeal have rejected as irrelevant to copyright issues the amount of effort expended by the initial compiler:

> The statute thus requires that copyrightability not be determined by the amount of effort the author expends, but rather by the nature of the final result. To grant copyright protection based merely on the "sweat of the author's brow" would risk putting large areas of factual research material off limits and threaten the public's unrestrained access to information.

Financial Information, Inc. v. Moody's Investor Service, Inc., 808 F.2d 204, 207 (2nd Cir. 1986), *cert. denied* 484 U.S. 820 (1987).

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[4] *Leon v. Pacific Tel. & Tel. Co.*, 91 F.2d 484 (9th Cir. 1937).

[5] *Rosement Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), *cert. denied* 385 U.S. 1009 (1967). *See also, Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 979 (2nd Cir. 1980), *cert. denied* 449 U.S. 841 (1980).

The Fifth Circuit Court of Appeals has applied these standards to directories:

> A copyright in a directory, however, is properly viewed as resting on the originality of the selection and arrangement of the factual material, rather than on the industriousness of the efforts to develop the information. See *Nimmer, supra,* at §3.04. Copyright protection does not extend to the facts themselves, and the mere use of the information contained in a directory without a substantial copying of the format does not constitute infringement.

Miller v. Universal City Studios, Inc., 650 F.2d 1365, 1369-70 (5th Cir. 1981).

> The valuable distinction in copyright law between facts and the expression of facts cannot be maintained if research is held to be copyrightable. There is no rational basis for distinguishing between facts and the research involved in obtaining facts. To hold that research is copyrightable is no more or no less than to hold that the facts discovered as a result of research are entitled to copyright protection.

Id. at 1372. *See also, Southern Bell Telephone & Telegraph Co. v. Associated Telephone Directory Publishers,* 756 F.2d 801, 809-10 (11th Cir. 1985). *Contra, Hutchinson Telephone Co. v. Fronteer Directory Co.,* 770 F.2d 128 (8th Cir. 1985); *Rural Telephone Service Co., Inc., v. Feist Publications, Inc.*, 663 F. Supp 214 (D. Kansas 1987), *aff'd without op.* No. 88-1679 (10th Cir. March 8, 1990), *cert. granted,* No. 89-1909 (Oct. 1, 1990).

As cited in *Miller,* Nimmer concurs in the view that copyright protection is inappropriate for a research effort which fails to satisfy the "writings" of an "author" standard of the Constitution and the Copyright Act:

> But to accord copyright protection on this basis alone [i.e., the "sweat of the author's brow"] distorts basic copyright principles in that it creates a monopoly in public domain

> materials without the necessary justification of protecting and encouraging the creation of "writings" by "authors".

1 Nimmer on Copyright, §3.04, p. 3-20.2 (1990) (hereinafter Nimmer).

> The formulation of an "expression" is clearly the very essence of the authorship process. The discovery of a fact, regardless of the quantity of labor and expense, is simply not the work of an author.

Nimmer §2.11[E]; p. 2-169. *See also*, Patry, Latman's *The Copyright Law*, p. 64 (6th Ed. 1986) ("Extending copyright protection to labor *qua* labor would violate the Constitution").

The rejection of the "sweat of the brow" basis for copyright protection is compelled by the statutory restrictions against extension of copyright to ideas, discoveries and other types of preexisting material (17 U.S.C. 102b and 103b, *supra*), and by the compelling policy reasons for permitting the copying of facts and dissemination of information, as enunciated by this Court in *Harper & Row, supra*,.

C. Sound Policy Reasons Support The Statutory Right To Copy Facts

Compelling policy reasons support this statutory license to copy and disseminate facts from copyrighted factual compilations. These reasons were well stated by Professor Gorman in a scholarly article quoted with approval by this Court in *Harper & Row*, 471 U.S. at 563. He observed:

> Our law, as reflected in the terms of our copyright statutes and the language of our Courts, emphasizes the greater need to disseminate the contents of fact works in contrast to the contents of works of artistic or literary fancy.

Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. Copyright Society 560, 561 (1982).

* * *

> [E]ven within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case.

Id. at 563.

Gorman listed several reasons for affording greater freedom to copy factual information than fanciful or literary expression: (1) public interest in access to facts; (2) the expression or presentation of facts is often "dictated by and inseparable from the underlying information", with maps and directories being the best examples; (3) commentary on political, social and historical facts as fostered by First Amendment and fair use considerations; and (4) copyright is intended to protect literary or artistic expression, rather than the labor in discovering facts. *Id.* at 562.

Professor Gorman believes only limited scope is warranted for copyrights in directories:

> Because the underlying facts in the terse and exhaustive directory are in the public domain and because the expressive variations are so limited, the copyright should properly be a "thin" one (as with maps), lest the monopoly unduly hinder the dissemination of information in the public interest. *Even modest departures from the form of such a streamlined copyrighted compilation, or new contributions and revisions, should presumably warrant a finding of non-infringement.*

Id. at 571 (emphasis added).

Of similar mind is noted copyright authority Melville Nimmer, whose widely known treatise, Nimmer on Copyright, was cited fifteen times by this Court in the *Harper & Row* majority opinion. In his view, one who labors to bring to light obscure public domain material has performed a socially useful service,

but that activity alone does not qualify as the "writing" of an "author" under the Constitution. He continues:

> The situation is quite different with respect to an original selection or arrangement of such public domain materials. Such selection or arrangement may in itself constitute an original contribution of authorship and should be protectable against appropriation under copyright principles. *However, the fact that an author has made such an original contribution is no basis for protecting the public domain materials per se if the original selection or arrangement is not copied.*

1 Nimmer §3.04, at p. 3-20.2 (1990) (emphasis added).

As Professor Gorman observed, the presentation of facts is often "dictated by and inseparable from the underlying information" (29 J. Copyright Society at 562). To assure dissemination of the underlying facts in terse directories, he advocated a finding of non-infringement for "even modest departures from the form of such a streamlined copyrighted compilation." This approach has been followed by the Courts:

> Factual works are different. Subsequent authors wishing to express the ideas contained in a factual work often can choose from only a narrow range of expression . . . Therefore, similarity of expression may have to amount to verbatim reproduction or very close paraphrasing before a factual work will be deemed infringed.

Landsberg v. Scrabble Crossword Game Players, Inc., 736 F.2d 485, 488 (9th Cir. 1984), *cert. denied*, 469 U.S. 1037 (1984).

Accord, Sid & Marty Krofft Television Productions v. McDonald's Corp., 562 F.2d 1157, 1168 (9th Cir. 1977) ("The idea and expression will coincide when the expression provides nothing new or additional over the idea."); *Morrissey v. Proctor & Gamble*, 379 F.2d 675, 678-79 (1st Cir. 1967) (protection "could exhaust all possibilities of future use of the substance"); *Affiliated Hospital Products, Inc. v. Merdel Game Mfg. Co*, 513 F.2d 1183,

1188 (2d Cir. 1975) (protection on game rule book would impermissibly extend protection to the public domain game).

Cross-reference directories do not use the alphabetical form of expression employed in telephone directories. They use only the public domain facts, which are neither owned by the telephone companies nor protected by their directory copyrights. There is no other way to convey such facts except by repeating them, which cross-reference directories do in an entirely different arrangement and expression. Under the statute and the precedents, these acts do not constitute copyright infringement.

Citing the information/form dichotomy (or "idea/expression" as it is more frequently described) expressed in the Congressional Reports (quoted at p. 11, *supra*), Justice Brennan concluded that:

> Congress made the affirmative choice that the copyright laws should apply in this way . . . This distinction [i.e., information/form] is at the essence of copyright . . . To insure the progress of arts and sciences and the integrity of First Amendment values, ideas and information must not be freighted with claims of proprietary right.

Harper & Row, 471 U.S. at 589-90 (dissenting).

Were this Court to conclude that the scope of protection of a copyrighted alphabetical telephone directory extends to an entirely different expression of the compiled facts, such as in a cross-reference directory, then these policies of promoting dissemination of information in the public interest, as intended by the Constitution and commented upon by Professor Gorman and Justice Brennan, would be severely inhibited. As has been described, cross-reference directories provide valuable and otherwise unavailable resources and benefits to government, business and the public. Such works neither compete with nor diminish the need for alphabetical telephone directories. They impair no legitimate interest of the copyright owner.

Because cross-reference directories are non-competing with and incomparable to alphabetical telephone directories, their creation should be encouraged in accordance with the Constitutional purpose of promoting progress.

> The world goes ahead because each of us builds on the work of our predecessors. "A dwarf standing on the shoulders of a giant can see farther than the giant himself."

Chafee, *Reflections on the Law of Copyright*, 45 Colum.L.Rev. 503, 511 (1945), quoted in *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 469, n. 28 (1984) (dissent).

D. The Lower Courts Applied An Erroneous And Incomplete Test For Infringement

The lower courts erred in concluding that proof of *the act* of copying obviated the requirement of applying the "substantial similarity" test to determine whether *the nature and extent* of the copying was an infringement. That is, while the act of copying may be proven either directly (by admission) or circumstantially (by proving access to the copyrighted work and substantial similarity between the copyrighted and accused works), the "substantial similarity" test must *always* be applied at the next level of analysis, *i.e.*, to determine whether that which was copied was substantial enough in both quantity and substance to constitute copyright infringement.

As the Court of Appeals for the Third Circuit has noted, "Substantial similarity to show that the original work has been copied is not the same as substantial similarity to prove infringement. . . . [D]issection and expert testimony in the former setting are proper but are irrelevant when the issue turns to *unlawful* appropriation." *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d. 904, 907 (3rd Cir. 1975), *cert. denied*, 423 U.S. 863 (1975) (emphasis added).

The failure to recognize that there *is* a next level of analysis to *every* infringement issue may have resulted from reliance on a streamlined two-part statement of the infringement test which

appears in some cases and in Nimmer's series on copyright law. The two-part test comprises proof of (1) ownership of a copyright and (2) copying. 3 Nimmer §13.01, p. 13-4.[6]

But further reading reveals that Nimmer's treatise elaborated on the content of the copying element:

> Just as copying is an essential element of infringement, so substantial similarity between plaintiff's and defendant's works is an essential element of copying. Yet the determination of the extent of similarity which will constitute a substantial and hence infringing similarity presents one of the most difficult questions in copyright law, and one which is the least susceptible of helpful generalizations.

3 Nimmer §13.03[A], p. 13-23.[7]

After describing two forms of similarity which satisfy the substantial similarity test[8], Nimmer cautions that even a finding of extended similarity does not complete the infringement analysis:

> To the extent that such similarity inheres in ideas, which are by definition unprotected, or in expression which is not proprietary to plaintiff, then an essential ingredient is lacking from plaintiff's prima facie case.

3 Nimmer §13.03[B][2], p. 13-52.

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[6] In fact, the Court in *Haines* cited a prior decision which, in stating the streamlined two-part test, relied on Nimmer's statement of the test. *Atari, Inc. v. North American Philips Consumer Electronics Corp.*, 672 F.2d. 607, 614 (7th Cir. 1982), *cert. denied,* 459 US 889 (1982).

[7] Further reading of *Atari* shows that there, too, the Court recognized that copying which does not involve copying of the protected expression does not satisfy the substantial similarity element of the infringement test. 672 F.2d. at 614-15.

[8] Nimmer describes "comprehensive nonliteral similarity" (duplication of the fundamental essence or structure, but without word-for-word copying) and "fragmented literal similarity" (virtual word-for-word copying, but only of a fragment of the copyrighted work. 3 Nimmer §13.03 [A][1], p. 13-24; §13.03[A][2], p.13-41.

And, even more pertinent to the present compilation of facts:

> Because no copyright may exist in facts per se, the copyright in a book dealing with factual matters cannot be infringed by a work that copies such facts, but in a manner in which the particular verbal description of such facts is not copied [citing this Court's *Harper & Row* decision, *supra*].

Id. at p. 13-56.

* * *

> Even if the defendant has copied from the plaintiff's copyrighted work, if the only material thus copied are those elements of plaintiff's work which are not protectable, then the resulting copy will not constitute an infringement.

Id. at §8.01[D], p. 8-20.

* * *

> Similarity which is not "substantial", even if due to copying, is a noninfringing use of the plaintiff's "ideas".

Id. at p. 8-22.2.

Summarizing these criteria, *amicus* IACRDP respectfully suggests that, once ownership of a valid copyright is proven, infringement is established by proof of (1) the act of copying, either by direct evidence or by indirect evidence showing access to the copyrighted work plus substantial similarity of the copyrighted and accused works, and (2) substantial similarity with respect to the protectable expression of the underlying idea, facts or concept.

As applied to a copyrighted compilation of facts, the substantial similarity must be with respect to the expression of those facts, *i.e.*, the selection, coordination and arrangement of the facts. Where, as here, the only similarity is in the facts, there is no "substantial" similarity and therefore no infringement.

CONCLUSION

Amicus IACRDP respectfully submits that the lower court judgment should be reversed and the scope of Illinois Bell's copyright in its alphabetical directory should be narrowly confined to the particular expression of the facts employed therein. Its copyrightable aspect so defined, the information contained in such directory could be freely used as a source for names, addresses and phone numbers for incorporation in subsequent works which, like Petitioner's cross-reference directories, express those facts in a way which is not substantially similar because of differences in the selection, coordination or arrangement thereof.

Respectfully submitted,

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